FIRST QUANTUM
MINERALS

SUSTAINABLE GROWTH

2020 ANNUAL REPORT

COBRE PANAMA | Colón Province, PANAMA

Ownership	90%
Primary	Copper
Secondary	Gold, molybdenum, silver
2020 Production	Copper 206kt, Gold 85koz

PYHÄSALMI | Pyhäjärvi, FINLAND

Ownership	100%
Primary	Copper
Secondary	Pyrite, Zinc
2020 Production	Copper 4kt, Zinc 3kt

GUELB MOGHREIN | Akjoujt, MAURITANIA

Ownership	100%
Primary	Copper
Secondary	Gold
2020 Production	Copper 28kt, Gold 48koz

HAQUIRA | Apurimac Region, PERU

ENTERPRISE | North-Western Province, ZAMBIA

TACA TACA | Salta Province, ARGENTINA

CONTENTS

2020 Production

779,000
tonnes Cu

LAS CRUCES | Sevilla Province, SPAIN

Ownership	100%
Primary	Copper
2020 Production	Copper 54kt

ÇAYELI | Rize Province, TURKEY

Ownership	100%
Primary	Copper
Secondary	Zinc
2020 Production	Copper 13kt, Zinc 5kt

KANSANSHI | North-Western Province, ZAMBIA

Ownership	80%
Primary	Copper
Secondary	Gold
2020 Production	Copper 221kt, Gold 128koz

SENTINEL | North-Western Province, ZAMBIA

Ownership	100%
Primary	Copper
2020 Production	Copper 251kt

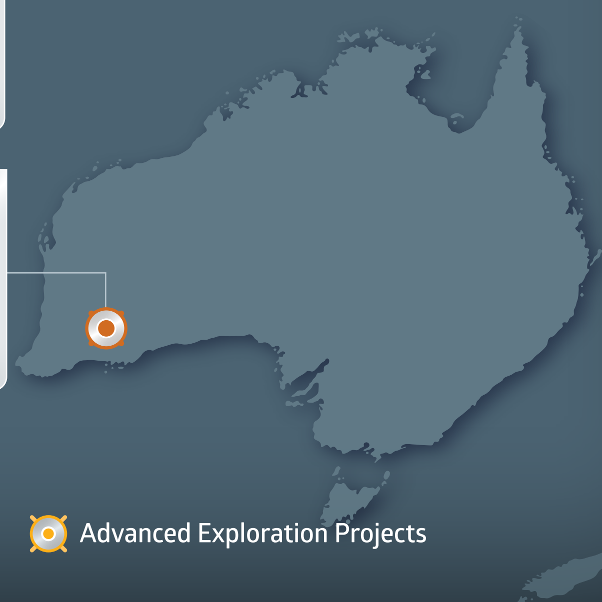
RAVENSTHORPE | Western Australia, AUSTRALIA

Ownership	100%
Primary	Nickel
Secondary	Cobalt
2020 Production	Nickel 13kt

First Quantum is a global mining company primarily producing copper, with secondary production in gold, nickel, zinc and cobalt. We operate long life mines in several countries and employ approximately 20,000 people worldwide.

We are well known for our "can do" attitude and specialist technical, engineering, construction and operational skills, which allow us to develop and successfully run complex mines and processing plants.

After 25 years of operations we are now one of the world's top 10 copper producers, exporting millions of tonnes of concentrate from multiple countries to customers worldwide. We are focused on providing a tangible benefit from everything we do for investors, employees and the many communities that surround our operations.



LEGEND

Operations   Development Project   Advanced Exploration Projects

Letter to Shareholders

PHILIP PASCALL
Chairman of the Board and Chief Executive Officer

Despite the challenges of the past year, First Quantum achieved record annual production with our costs at the lowest level in four years. Our 2020 total production of 778,911 tonnes of copper represents an 11% increase on the previous year. This is a remarkable achievement for our shareholders.

At the end of a tumultuous year in the global economy, we can look forward to significant opportunities for First Quantum in 2021 and beyond. Although we intend to maintain a defensive stance on health and sanitary protocols, we do expect that the impact of COVID-19 will begin to reduce following the world-wide roll-out of vaccines.

Global demand for our key commodities – copper and nickel – is looking strong. We expect demand to strengthen further as governments in many nations seek to stimulate their economic recovery via infrastructure and other stimulus spending. Pent up global consumer demand is also likely to have a positive bearing on our commodity prices as households spend again, after a period of reduced activity caused by COVID-19 lockdowns in many countries.

Although we were touched by tragedy in the loss of colleagues during the pandemic, First Quantum's shareholders can be proud of our response to protect our workforce and the many communities in which we operate as the challenges of COVID-19 became apparent. We developed the necessary processes and procedures so that we could protect our people and their families, as well as assisting in the response of our host nations. We also formed strong partnerships with various health authorities and community support institutions, as we all learned to push back the contagion.

The impact of the virus on our operations manifested itself differently in different countries, due to varied government responses, changes to border and quarantine controls, and the differing capacity of health systems. First Quantum was agile in understanding the challenges and the only major operational impact was a relatively short period of shutdown at Cobre Panama.

I strongly applaud the dedication and commitment of our people over many months, and thank the relevant authorities for their support. Without all these efforts we would not have finished 2020 in such a strong position and be as well prepared for continued growth in 2021.

First Quantum achieved several important milestones during the year. Acknowledging the global challenges in protecting the environment, we have recently formalised our approach to climate change. Our Climate Change Position Statement was published in early 2021 and is part of our broader commitment to Environmental, Social, and Governance (ESG) reporting and communications. We know that mining has a significant impact on the environment through the emission of greenhouse gases and we recognise our obligation to make creative improvements, and to report on our actions to address climate change.

Copper and nickel are now widely recognised as being essential components in driving the transition to a low-carbon economy. As this transition gathers pace around the world, it is exciting to know that our minerals production will play an important part in delivering lower carbon-intensive economies.

First Quantum has been finding innovative ways to improve efficiency and hence reduce the environmental impact of our operations. This is resulting in decreased energy use, waste reduction and lowered greenhouse gas emissions. In some areas we lead the way in the development of new mining technology and production processes. These are improving our performance and can be adopted by others in the mining sector.

The First Quantum approach to climate change is to set tangible targets and focus on the identification and execution of projects which produce real outcomes. During 2021 and subsequent periods we will be setting clear, progressive and realistic targets with an identified pathway to achievement. Our intent is to deliver meaningful change through our business.

Despite the challenges of the past year, First Quantum achieved record annual production with our costs at the lowest level in four years. Our 2020 total production of 778,911 tonnes of copper represents an 11% increase on the previous year. This is a remarkable achievement for our shareholders.

Kansanshi remains a consistent producer, demonstrating flexibility and adaptability. Production rates are expected to be similar in 2021. Work will begin on upgrading the smelter to be able to treat higher volumes of concentrate from both Sentinel and Kansanshi. The decision to move ahead with the brownfield S3 expansion at Kansanshi remains dependent on financial outcomes and reaching agreement with the Zambian Government on investment stability. We continue regular, constructive discussions with the Government in this regard.

We closed the year at Sentinel with a strong fourth quarter. Sentinel achieved throughput of 57 million tonnes in 2020 and we expect to continue at these rates in 2021. A fourth in-pit crusher is to be commissioned during 2021 which will provide to Sentinel an incremental increase in throughput. Unit costs improved from the previous year as a result of lower maintenance and fuel costs and some foreign exchange benefits.

Cobre Panama had returned to normal operations by the end of the fourth quarter and achieved records for mill throughput and production. Mill throughput continues to ramp up towards the 2021 target rate of 85 million tonnes per year (mtpa). The brownfields expansion of Cobre Panama to the 100 mtpa throughput level is expected in 2023.

The Ravensthorpe Nickel Operation (RNO) in Western Australia re-opened and commenced exporting in early 2020. We commenced the expansion of the mine with the development of the Shoemaker-Levy deposit. This new orebody, with its infrastructure, will extend the life of the mine by 20 years. The first blast to open the new pit was undertaken just a few days before the end of 2020. It is expected that the target production rate of 2,500 tonnes per month will be achieved later in 2021 after Shoemaker-Levy comes on stream.

All the other operations performed to expectation. A highlight was the contribution from Guelb Moghrein. This mine was particularly hard-hit by travel restrictions. I'm pleased to say that our local workforce and our resolute expat staff showed remarkable tenacity and delivered record low costs for the year 2020.

With our confidence in the strengthening long-term prospects for copper, we continue to advance our development projects at Taca Taca in Salta Province, Argentina, and Haquira in Apurimac, Southern Peru. Gradual progress continues on these projects with various studies and negotiations, which will lead in time to their construction and production.

First Quantum continues to be a major economic contributor to many nations via employment, business generation and tax and royalty contributions. Our latest assessment shows that our 2019 annual direct contribution to governments now totals more than $1 billion with much of this amount being received by the Zambian Government.

> Our company aims to make a tangible, long-term difference to people in many countries around the world. I refer each year to the significant financial contribution we make, and the support we provide for: health and education, small business development, empowering women, biodiversity programs, and numerous other activities.

In Panama, our mining operation now generates approximately 4% of the nation's Gross Domestic Product (GDP). This contribution is especially important after the impact of COVID-19 on the broader Panamanian economy. We continue to work closely with the Panamanian Government to provide employment, training and additional community benefits. We are also actively working with local regional communities, supporting them at ground-level.

Our Company aims to make a tangible, long-term difference to people in many countries around the world. I refer each year to the significant financial contribution we make, and the support we provide for: health and education, small business development, empowering women, biodiversity programs, and numerous other activities. In 2020, all these programs continued to deliver major benefits. I am most proud of the many additional COVID-19-related contributions we have made, which included new special health facilities, and even the education of children via radio after their classrooms had been closed.

I would particularly like to highlight important changes for our senior personnel during the year.

Firstly, I was delighted to appoint Anthony Mukutuma as General Manager at Kansanshi. His appointment is significant for First Quantum and for Zambia. Anthony is the first Zambian national to head a major mining operation in that country, having risen steadily through the ranks at First Quantum over many years on the basis of his demonstrated capability and expertise. He replaced David de Vries who took Anthony's place as GM for Ravensthorpe.

Morris Rowe retired during 2020, after his significant contribution stabilising our Sentinel operations.

My special thanks go to Morris, who still provides some consulting support and who has been with First Quantum for more than 23 years. Sean Egner, the manager of our Electrical Construction Division, has taken up the position of GM for Sentinel.

At the end of the year, Tristan Pascall was appointed as our Chief Operating Officer, following several senior roles and achievements within First Quantum, including his leadership and contribution to the development of Cobre Panama.

Finally, my deep personal thanks to Clive Newall, who is one of the founders of First Quantum and has been instrumental to the Company's success since 1996. During 2020, Clive relinquished his long-standing executive responsibilities within the Company. I am pleased that he will remain a member of our Board of Directors.

I would like to conclude by thanking our employees who make all of this possible. Your response to the uniquely difficult circumstances of 2020 was without parallel. Without you, we wouldn't be in such a strong position ready for the future.

Thank you also to our shareholders. We value your support and continued faith in our ability and our vision. We have overcome many challenges in addition to COVID-19 and we will continue to do so with your support.

I strongly believe First Quantum is well-positioned to grow in a rapidly improving global economy.

Philip Pascall
Chairman and Chief Executive Officer

Financial REPORT

CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

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

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

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

Management's Discussion and Analysis

For the year ended December 31, 2020

in United States dollars, with tabular amounts in millions, except where noted

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements of First Quantum Minerals Ltd. ("First Quantum" or "the Company") for the year ended December 31, 2020. The Company's results have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and are presented in United States dollars, tabular amounts in millions, except where noted.

For further information on First Quantum, reference should be made to its public filings (including its most recently filed Annual Information Form) which are available on SEDAR at www.sedar.com. Information is also available on the Company's website at www.first-quantum.com. This MD&A contains forward-looking information that is subject to risk factors, see *"Cautionary statement on forward-looking information"* for further discussion. Information on risks associated with investing in the Company's securities and technical and scientific information under National Instrument 43-101 concerning the Company's material properties, including information about mineral resources and reserves, are contained in its most recently filed Annual Information Form. This MD&A has been prepared as of February 16, 2021.

OVERVIEW

Although 2020 was a challenging year, the Company's operations demonstrated resilience in dealing with the challenges brought about by the COVID-19 pandemic. The Company moved quickly to introduce health and sanitation protocols across its sites in compliance with both local and international guidelines, and continues to focus on ensuring the health and safety of the workforce and managing the necessary country-by-country restrictions in order to assist in the protection of the workforce and the wider community.

Despite the additional challenges faced in the year, the Company achieved its highest ever annual copper production, attributable to record-breaking production at Sentinel and strong contribution from Cobre Panama. The cash cost of production ("C1")[1] for the year was at its lowest level in four years, with Sentinel and Guelb Moghrein showing record low annual copper all-in sustaining cost ("AISC")[1] and C1 cash costs.

Cobre Panama, in its first full-year of commercial production, was placed on preservation and safe maintenance in April and operated at much reduced levels of activity for most of the second quarter and into the start of the third quarter. The operation successfully ramped up ahead of expectation in August, and in the fourth quarter set new quarterly mill throughput and copper production records.

In September, the Company filed an updated NI 43-101 Technical Report for Kansanshi. Updated Mineral Reserve and Resource estimates show an increase of 70% and 40%, respectively, over Mineral Reserves and Resources reported in the last update in May 2015, and extends the mine life to 24 years. In addition to the processing plant expansion and upgrades, the Kansanshi smelter capacity will be increased. Whilst Kansanshi's copper production for 2020 was 5% lower than 2019, it was able to reduce the impact of lower grades by achieving a 5% increase in throughput.

The Ravensthorpe nickel mine recommenced operations in the first quarter of 2020, with the first shipment of nickel in May. The focus for 2021 is on incremental increases in nickel production achieved by higher availability, better utilization and improved recovery. The planning and optimization of the existing plant to allow for the transition to Shoemaker Levy is progressing. First ore from Shoemaker Levy is expected to be delivered to the existing plant in the second quarter of 2021.

There was a significant increase in comparative EBITDA[1] to $2,152 million with operating cash flow of $1,613 million and a reduction in net debt[1] of $266 million, despite the challenges during the year.

The Company continuously manages its capital structure and assesses its liquidity and financing sources regularly. Following the bond issuance in January 2020, the Company completed the redemption of the remaining $300 million of the senior notes due February 2021. On October 1, 2020, the Company completed the offering of $1.5 billion of Senior Notes due 2027, and the proceeds of the offering were used towards the partial repayment of the Company's existing revolving credit facility, and the redemption in full of the Company's outstanding Senior Notes due 2022.

The Company utilizes a hedge program to manage commodity price risk and to provide pricing certainty for a proportion of future cash receipts in support of the Company's commitment to materially reduce project related debt. The market price for copper fluctuated during the year from a low of $2.09 per lb to a high of $3.61 per lb on the London Metal Exchange ("LME"). The average copper price for the year was $2.80 per lb, 3% higher than 2019. As at December 31, 2020, the Company had 152,125 tonnes of unmargined copper forward sales contracts at an average price of $2.86 per lb outstanding with periods of maturity to December 2021. In addition, the Company had 174,400 tonnes of unmargined zero cost copper collar sales contracts with maturities to December 2021 at weighted average floor and ceiling prices of $2.83 per lb to $3.07 per lb, respectively, outstanding. The Company also had unmargined nickel forward sales contracts for 3,213 tonnes at an average price of $6.89 per lb outstanding, with maturities to October 2021. Due to already significant carry forward tax losses in Canada, the jurisdiction in which the Company's hedging program is located, any losses realized are not subject to tax relief.

In November, the Company filed an updated NI 43-101 Technical Report for the Taca Taca Project, including an updated Mineral Resource statement and a maiden Mineral Reserve for the project. This increases the Company's total Mineral Reserves base to over 29 million tonnes of contained copper, which represents one of the largest Mineral Reserve positions amongst global copper producers and substantially increases the geographic diversification of the Company's Mineral Reserves.

1 C1, ASIC, comparative EBITDA and net debt 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. See *"Regulatory Disclosures"* from page 46 for further information and reconciliations to the IFRS measures.

FULL YEAR HIGHLIGHTS

Operational and financial

- Total copper production for the year was 778,911 tonnes, an increase of 11% from 2019 and within the guidance range.
- Sentinel had an outstanding year and achieved record copper production of 251,216 tonnes, delivering a significant increase in throughput and operating at record low unit C1 cash cost of $1.40 per lb. Sales volumes in the fourth quarter of 2020 were 48% higher than the comparable period and included an additional 50,000 dry metric tonnes ("DMT") of copper concentrate export sales.
- Performance at Cobre Panama was strong, despite the temporary suspension of labour activities that began in April due to COVID-19. Cobre Panama was placed on preservation and safe maintenance, operating at much reduced levels of activity in the second quarter. Operations successfully ramped up ahead of expectation in August, setting a daily record for crushing and copper production in December. Copper production in the year was 39% higher than 2019, including pre-commercial production, and in the fourth quarter the operation set new quarterly records for both mill throughput and copper production.
- Kansanshi performed consistently during the year. Copper production was lower as a result of reduced grades and recoveries, but throughput increased as a result of improvement initiatives. The Kansanshi smelter processed 1,320,238 DMT of copper concentrate, produced 323,667 tonnes of copper anode and 1,262,000 tonnes of sulphuric acid with recoveries of 98% for the year.
- Total gold production for 2020 was 265,112 ounces, 3% higher than 2019. This reflected increased gold production at Cobre Panama despite reduced production levels as a result of COVID-19 restrictions in the second quarter of 2020.
- Ravensthorpe recommenced operations in the first quarter of 2020, with the first shipment of nickel in May. Nickel production for the year was 12,695 contained tonnes. As the plant continued to stabilize post start-up, nickel recoveries increased to 78% in the fourth quarter, from 68% in the second quarter of 2020.
- C1 cash cost of $1.21 per lb for the year was at its lowest level in four years with almost all copper operations delivering a reduction. AISC for 2020 was $1.63 per lb, a $0.15 per lb decrease compared to 2019. Sentinel achieved a record low AISC for the year of $1.92 per lb, and C1 cash cost of $1.40 per lb. There was also a notable reduction in C1 and AISC cash cost at Guelb Moghrein in 2020 to $0.38 per lb and $0.70 per lb, respectively, the lowest reported annual C1 cash cost and AISC.
- Gross profit of $1,077 million and comparative EBITDA of $2,152 million for 2020 reflected the strong operational performance and were both significantly higher than 2019 with increased sales volumes, higher metal prices and lower costs.

- Net debt decreased by $266 million during 2020 and cash flows from operating activities were $1,613 million ($2.34 per share). There was a significant increase in trade receivable balances at the year-end, due principally to the timing of shipments in the final week of December, cash was received in January 2021. Capital expenditure of $610 million was $65 million below guidance.
- Financial results include comparative loss of $46 million ($0.07 comparative loss per share) and net loss attributable to shareholders of the Company of $180 million ($0.26 loss per share). Net loss attributable to shareholders of the Company includes a net finance expense of $738 million, compared to $248 million in 2019, where $549 million of finance costs were capitalized. Following declaration of commercial production at Cobre Panama effective September 1, 2019, finance costs are now expensed. For a reconciliation of comparative earnings (loss), see page 52.
- On October 1, 2020, the Company completed the offering of $1.5 billion of Senior Notes due 2027. The proceeds of the Offering were used towards the partial repayment of the Company's existing revolving credit facility, and the redemption in full of the Company's outstanding Senior Notes due 2022.
- At February 16, 2021, the Company had unmargined copper forward sales contracts for 128,625 tonnes at an average price of $2.86 per lb outstanding with periods of maturity to December 2021. In addition, the Company has zero cost copper collar unmargined sales contracts for 198,500 tonnes at weighted average prices of $2.93 per lb to $3.25 per lb outstanding with maturities to December 2021. This represents approximately 40% of the Company's expected sales for the next 12 months.

CONSOLIDATED INFORMATION

	Q4 2020	Q3 2020	Q4 2019	**2020**	2019
Copper production (tonnes) [2,3]	**203,171**	211,396	204,270	**778,911**	702,148
Copper sales (tonnes) [2, 4]	**217,041**	197,533	205,964	**764,471**	689,386
Cash cost of copper production (C1) (per lb) [5, 6]	**$ 1.28**	$ 1.07	$ 1.24	**$ 1.21**	$ 1.31
Total cost of copper production (C3) (per lb) [5, 6]	**$ 2.20**	$ 1.97	$ 2.07	**$ 2.11**	$ 2.16
All-in sustaining cost (AISC) (per lb) [5, 6]	**$ 1.77**	$ 1.48	$ 1.73	**$ 1.63**	$ 1.78
Realized copper price (per lb) [7]	**$ 2.97**	$ 2.77	$ 2.62	**$ 2.74**	$ 2.70
Gold production (ounces) [2]	**68,747**	72,926	77,789	**265,112**	256,913
Gold sales (ounces) [2,8]	**70,905**	78,013	79,409	**277,291**	254,785
Nickel production (contained tonnes)	**5,603**	5,113	–	**12,695**	–
Nickel sales (contained tonnes)	**5,343**	4,986	–	**12,120**	–

CONSOLIDATED FINANCIAL INFORMATION [2]

	Q4 2020	Q3 2020	Q4 2019	2020	2019
Sales revenues	**1,601**	1,402	1,284	**5,199**	4,067
Gross profit	**443**	346	259	**1,077**	790
Net earnings (loss) attributable to shareholders of the Company	**9**	29	(115)	**(180)**	(57)
Basic and diluted earnings (loss) per share	**$ 0.01**	$ 0.04	$ (0.17)	**$ (0.26)**	$ (0.08)
Comparative EBITDA [1, 9]	**725**	641	511	**2,152**	1,609
Comparative earnings (loss) [1]	**53**	64	35	**(46)**	249
Comparative earnings (loss) per share [1]	**$ 0.08**	$ 0.09	$ 0.05	**$ (0.07)**	$ 0.36

	Q4 2020	Q3 2020	Q4 2019	2020	2019
Net earnings (loss) attributable to shareholders of the Company	**9**	29	(115)	**(180)**	(57)
Adjustments attributable to shareholders of the Company:					
Adjustment for expected phasing of Zambian value-added tax ("VAT") receipts	**(5)**	(16)	22	**(80)**	182
Other, including loss on debt instruments	**8**	–	4	**10**	23
Total adjustments to comparative EBITDA excluding depreciation [9]	**42**	61	152	**240**	228
Tax and minority interest comparative adjustments	**(1)**	(10)	(28)	**(36)**	(127)
Comparative earnings (loss) [1]	**53**	64	35	**(46)**	249

1 Comparative earnings (loss) have been adjusted to exclude items from the corresponding IFRS measure, net earnings (loss) attributable to shareholders of the Company, which are not considered by management to be reflective of underlying performance. Comparative earnings (loss), comparative earnings (loss) per share, comparative EBITDA and cash flows per share are not measures recognized under IFRS and do not have a standardized meaning prescribed by IFRS. The Company has disclosed these measures to assist with the understanding of results and to provide further financial information about the results to investors. See *"Regulatory Disclosures"* from page 46 for a reconciliation of comparative EBITDA and comparative earnings (loss) to the IFRS measures. The use of comparative earnings (loss) and comparative EBITDA represents the Company's adjusted earnings (loss) metrics.

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

3 Production is presented on a contained basis, and is presented prior to processing through the Kansanshi smelter.

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

5 C1 cash cost, C3 total cost, AISC exclude third-party concentrate purchased at Kansanshi.

6 C1 cash cost, C3 total cost, AISC are not recognized under IFRS. These measures are disclosed as they reflect those used by the Company's management in reviewing operational performance. A reconciliation of these measures to the costs disclosed in the Company's Consolidated Statement of Earnings (Loss) is included within the *"Regulatory Disclosures"* section from page 46.

7 Realized metal prices are not recognized under IFRS and defined within the *"Regulatory Disclosures"* section from page 46.

8 Excludes refinery-backed gold credits purchased and delivered under the precious metal streaming arrangement (see page 42).

9 Adjustments to comparative EBITDA in 2020 relate principally to foreign exchange revaluations (foreign exchange revaluations and impairment of assets in 2019).

FULL YEAR FINANCIAL SUMMARY

Sales revenues boosted by record-breaking production at Sentinel and contribution from Cobre Panama

- Sales revenues of $5,199 million for the full year were 28% higher than 2019. Commercial copper and gold sales volumes from Cobre Panama and increased sales volumes at Sentinel drove the increase, as well as higher realized copper and gold prices.
- Realized price for copper of $2.74 per lb for the year was slightly higher than $2.70 per lb in 2019. This compares to an increase in the average LME price of copper of 3% for the same period to $2.80 per lb. The Company's copper sales hedge program reduced sales revenues in the year by $59 million, or $0.04 per lb, compared to an addition of $44 million, $0.03 per lb, in 2019. The Company's nickel sales hedge program increased sales revenues by $11 million in 2020.

Comparative EBITDA increased by 34% to $2,152 million

- Comparative EBITDA for the year ended December 31, 2020 increased to $2,152 million, compared to $1,609 million for 2019. Results benefited from higher revenue and lower cash costs. A reconciliation of comparative EBITDA is included on pages 51 and 52. The most significant adjustment was a foreign exchange loss of $225 million, principally attributable to Zambian Kwacha ("ZMW") denominated VAT receivable balances.

GROSS PROFIT – $287 MILLION HIGHER BASED ON IMPROVED METAL PRICES, HIGHER CONTRIBUTION FROM COBRE PANAMA AND LOWER OPERATING COSTS

Gross profit in 2019	790
Higher metal prices	334
Movement in hedge program	(92)
Higher sales volumes	209
Lower by-product contribution	(34)
Lower cash costs	74
Increase in depreciation	(310)
Positive impact of foreign exchange on operating costs	106
Gross profit in 2020 [1]	1,077

1 Gross profit is reconciled to comparative EBITDA by including exploration costs of $15 million, general and administrative costs of $99 million, share of loss in joint venture of $45 million, and adding back depreciation of $1,217 million and other expense of $17 million *(a reconciliation of comparative EBITDA is included on pages 51 and 52).*

Comparative loss of $46 million and net loss attributable to shareholders of $180 million

- Comparative loss for the year of $46 million is a decrease from comparative earnings of $249 million in 2019. Net finance expense in 2020 was $738 million, compared to $248 million in 2019, where $549 million of finance costs were capitalized. A reconciliation of comparative metrics is included on pages 51 and 52.
- Net loss attributable to shareholders is $180 million in 2020, compared to a net loss attributable to shareholders of $57 million in 2019. The 2020 result includes a foreign exchange loss of $225 million primarily due to the depreciation of the ZMW against the US dollar ("USD") and the impact on the VAT balances due to Kansanshi and Sentinel. An $80 million credit adjustment for Zambian VAT receipts was recognized, representing the expected phasing of receipts, and the impact of foreign exchange, using a ZMW risk-free rate. The 2019 result included a charge of $182 million for expected phasing of Zambian VAT receipts, $101 million in impairments and $11 million write-off of assets and other costs, and $96 million in foreign exchange losses.

FOURTH QUARTER FINANCIAL SUMMARY

- Sales revenues in the fourth quarter of $1,601 million were 25% higher than the same period in 2019 reflecting increased sales volumes, particularly at Sentinel and Cobre Panama, as well as higher metal prices.

GROSS PROFIT – $184 MILLION HIGHER BASED ON IMPROVED METAL PRICES AND LOWER OPERATING COSTS

Gross profit in Q4 2019	259
Higher metal prices	283
Movement in hedge program	(113)
Higher sales volumes	25
Lower by-product contribution	(26)
Lower cash costs	19
Increase in depreciation	(36)
Positive impact of foreign exchange on operating costs	32
Gross profit in Q4 2020 [1]	443

1 Gross profit is reconciled to comparative EBITDA by including exploration costs of $6 million, general and administrative costs of $29 million, other expenses of $7 million, share of loss in joint venture of $4 million, and adding back depreciation of $326 million and revisions in estimates of restoration provision at closed sites of $2 million *(a reconciliation of comparative EBITDA is included on pages 51 and 52).*

Comparative earnings of $53 million and net earnings attributable to shareholders of $9 million

- Comparative earnings for the fourth quarter of $53 million is an increase of 51% compared to comparative earnings of $35 million in the same period of 2019. A reconciliation of comparative metrics to the consolidated financial statements is included on pages 51 and 52.
- Net earnings attributable to shareholders of $9 million for the quarter compared to a net loss attributable to shareholders of $115 million in the same period in 2019. The fourth quarter of 2020 included an adjustment of $5 million for expected phasing of Zambian VAT receipts, and foreign exchange losses of $32 million. The fourth quarter of 2019 included impairments of $101 million, an adjustment of $22 million for expected phasing of Zambian VAT receipts, and foreign exchange losses of $32 million.

FINANCIAL POSITION AND OPERATING CASH FLOW

- At December 31, 2020, the Company had 152,125 tonnes of unmargined copper forward sales contracts at an average price of $2.86 per lb outstanding with periods of maturity to December 2021. In addition, the Company had 174,400 tonnes of unmargined zero cost copper collar sales contracts with maturities to December 2021 at weighted average prices of $2.83 per lb to $3.07 per lb outstanding. The Company also had unmargined nickel forward sales contracts for 3,213 tonnes at an average price of $6.89 per lb outstanding, with maturities to October 2021.
- The Company actively manages all capital spending and operating costs while maintaining a high level of safety and productivity. Operating costs at all sites have been and are continuously being reviewed to identify opportunities to further reduce costs. As at December 31, 2020, the Company has hedged 60 million litres of Ultra Low Sulphur Diesel ("ULSD") at an average price of $0.34 per litre with maturities to April 2021, as part of the companywide cost management strategy.
- On October 1, 2020, the Company completed the offering of $1.5 billion of Senior Notes due 2027. Interest is accrued at the rate of 6.875% per annum and will be payable semi-annually. The proceeds of the Offering were used towards the partial repayment of the Company's existing revolving credit facility, and the redemption in full of the Company's outstanding Senior Notes due 2022.

- Net debt decreased during the year by $266 million to $7,409 million at December 31, 2020. Taking into account forecast operating cash inflows, capital expenditure outflows and available funds, the Company expects to have sufficient liquidity through the next 12 months to carry out its operating and capital expenditure plans and remain in full compliance with financial covenants. The Company continues to take action to manage operational and price risk and further strengthen the balance sheet, including through strategic initiatives and use of the copper sales hedge program.

COVID-19

When COVID-19 was declared an international public health emergency by the World Health Organization in late January, the Company moved quickly to introduce health and sanitary protocols across its sites in compliance with both local and international guidelines. These health protocol measures continue to be reviewed and adjusted as needed. The Company continues to maintain defensive health and sanitary protocols and to support the government health authorities in each jurisdiction according to the needs across all of its sites and operations to combat the spread of COVID-19.

In Panama, the Company is supporting the wider community with donations of medical equipment and supplies, as well as responding to the Panamanian Government's request to support families in need with food and supplies. In Zambia, the Company has provided COVID-19 testing equipment and treatment and isolation facilities for the community, and pledged financial support for the provision of medical logistics support in the Solwezi and Kalumbila districts of North-Western Zambia.

In addition to increased medical facility resilience initiatives at the mine clinics in Mauritania, Zambia and Panama, COVID-19 protective measures to minimize person-to-person transmission in the workplace and protect business continuity have been implemented across all operations.

COVID-19 had a direct impact at Cobre Panama where the operation was placed on preservation and safe maintenance beginning April 7, 2020 following Panamanian government restrictions related to COVID-19. On July 7, 2020, the Company announced the resumption of normal operations and successfully ramped up ahead of expectation, on August 8, 2020. Cobre Panama continues to operate while adhering to the strictest protocols that have been implemented to protect the health of the workforce and communities. The Company's other operations have not been significantly impacted by restrictions arising from COVID-19.

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

As the pandemic has worsened globally, the Company has identified cases amongst the workforce. All of the cases have been effectively contained and isolated, according to the established protocols and in coordination with local health authorities, with limited impact to operations. The Company will continue to employ measures to ensure minimal spread of the contagion and the health and wellbeing of our workforce continues to be a priority.

HEALTH & SAFETY

The health and safety of all of the Company's employees and contractors is our top priority and the Company is focused on the continual strengthening and improvement of the safety culture at all of our operations. The Lost Time Injury Frequency Rates ("LTIFR") is an area of continued focus and a key performance metric for the Company, our rolling 12-month LTIFR is 0.06 per 200,000 hours worked on average over the 12-month period to December 31, 2020 (2019: 0.05).

OTHER DEVELOPMENTS

Dividends

In recent years, the Company has invested heavily in the construction of Cobre Panama. During this period, a policy of paying only nominal dividends was adopted.

With the successful ramp-up of Cobre Panama and overall higher production, the Company anticipates stronger future cash flow and expects to be in a position to support increased dividend payments within the next two years. Actual distributions will be determined by annual free cash flow after prioritizing the reduction of the absolute levels of debt and providing for projected capital expenditure plans.

The Company has declared a final dividend of CDN$0.005 per share, in respect of the financial year ended December 31, 2020. The final dividend together with the interim dividend of CDN$0.005 per share is a total of CDN$0.01 per share for the 2020 financial year.

Zambian tax regime

Following the 2021 National Budget, presented on September 25 2020, the Government of the Republic of Zambia ("GRZ") has enacted the proposed changes into law, with effect from January 1, 2021. There were no material changes to the mining tax and royalty regimes announced. Mineral royalties continue to be non-deductible for tax, and tax rates remain unchanged.

Two previously unannounced changes were introduced by statutory instruments. Firstly, a zero rating order for VAT on petrol and diesel, to reduce the VAT charged to 0%, previously charged at a rate of 16%. Secondly, the excise duty on petrol and diesel was suspended from January 15, 2021, until October 1, 2021. The Energy Regulation Board has also communicated increases of other tariffs charged on fuel. Overall, these changes do not appear to have a material impact on the overall cost of fuel, however, the Company is continuing to refine its assessment of the estimated impact of the proposed changes.

Zambian VAT

During the year ended December 31, 2020, the Company received offsets of $110 million and cash receipts of $1 million with respect to VAT receivable balances (year-ended December 31, 2019, $8 million and $3 million, respectively). For a detailed summary of the VAT receivable balance due to the Company's Zambian operations please see page 40.

Zambian power supply

Construction on the 750MW Kafue Gorge Lower Power Station is nearing completion despite having suffered additional recent delays. Commissioning of the first of five 150MW hydro-generation units is underway and it is expected to generate commercially available power by the end of February 2021. However, similar to Lake Kariba, the Itezhi Tezhi Dam which serves the Kafue Gorge Lower Power Station, continues to recover from previous lows. Kariba Dam water levels also continue to recover steadily, but remain below multi-year expectations. This year's rains in Zambia have been good, and recovery is expected to be satisfactory. No power restrictions are currently in place for the Company's mining operations.

EXPLORATION

The Company's global exploration program is focused on identifying high quality porphyry and sediment hosted copper deposits in prospective belts around the world. This program includes work at advanced stage exploration projects at Taca Taca in Argentina and Haquira in Peru.

At Taca Taca, located in the Salta province of Argentina, the Company is continuing with the project pre-development and feasibility activities. The primary Environmental and Social Impact Assessment for the project, which covers the principal proposed project sites, was submitted to the Secretariat of Mining of Salta Province in 2019. On November 30, 2020, the Company filed an updated NI 43-101 Technical Report for the Taca Taca Project, including an updated Mineral Resource statement and a maiden Mineral Reserve for the project. This increases the Company's total Mineral Reserves to over 29 million tonnes of contained copper which is one of the largest copper Mineral Reserve bases, globally, and substantially increases the geographic diversification of the Company's copper reserves.

At the Haquira project, located in the Apurímac region of Peru, the focus remains on community resettlement process and environmental aspects.

The Company is engaged in the assessment and early stage exploration of a number of properties around the world, particularly focused on the Andean porphyry belt of Argentina, Chile, Peru, Ecuador and Colombia, as well as specific targets in other jurisdictions, including Australia and Papua New Guinea. Near-mine exploration programs are restricted to Las Cruces, in Spain, as well as on satellite targets around Kansanshi, in Zambia.

During the second half of 2020, travel restrictions and lockdowns associated with the COVID-19 pandemic gradually eased in most jurisdictions. In Zambia, exploration activities have continued unaffected throughout the year, with several drill programs continuing into the fourth quarter ahead of the annual rainy season. Drill programs to test high priority porphyry prospects in Papua New Guinea, Argentina and Chile were active during the fourth quarter and will continue into 2021, together with commencement of drilling on a new target in Southern Peru.

GUIDANCE

Guidance for the three years following is given once a year as part of year-end reporting. On a quarterly basis, guidance for the current year will be updated as necessary or reaffirmed.

Guidance provided below is based on a number of assumptions and estimates as of December 31, 2020, including among other things, assumptions about metal prices and anticipated costs and expenditures. Guidance involves estimates of known and unknown risks, uncertainties and other factors which may cause the actual results to be materially different. The unprecedented challenges presented by COVID-19 pose some additional risk to the accuracy of forward-looking information. Production guidance and cost guidance includes current assumptions on the impact of COVID-19 on operations.

PRODUCTION GUIDANCE

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

PRODUCTION GUIDANCE BY OPERATION

Copper

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

Gold

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

Nickel

000's tonnes	**2021**	2022	2023
Ravensthorpe	**23 - 27**	25 - 30	27 - 32

CASH COST AND ALL-IN SUSTAINING COST

Copper	**2021**	2022	2023
C1 (per lb)	**$1.20 - $1.40**	$1.20 - $1.40	$1.20 - $1.40
AISC (per lb)	**$1.70 - $1.85**	$1.70 - $1.85	$1.70 - $1.85

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

CAPITAL EXPENDITURE

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

Capital expenditure in 2020 was $65 million lower than the previously issued guidance of $675 million.

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

In 2023, capital expenditure is expected to be $1,050 million and includes $270 million for the proposed S3 expansion at Kansanshi. This project is subject to board approval and the timing could be accelerated or delayed depending on capital availability, commodity prices and the Zambian fiscal regime. Project capital expenditure across the three years also provides for the expansion to 100 million tonnes per annum ("mtpa") at Cobre Panama. The majority of this capital is for pre-strip and mine fleet for Colina pit and process plant upgrades including the secondary crushing screening plant and the sixth ball mill. Sustaining capital expenditure is on average approximately $250 million per year, but is expected to be up to $40 million higher in 2021 with planned maintenance of the Kansanshi smelter.

Interest

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

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

Tax

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

Depreciation

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

OPERATING REVIEW

PRODUCTION SUMMARY

	Q4 2020	Q3 2020	Q4 2019	**2020**	2019
Copper production (tonnes) [1]					
Cobre Panama	**65,520**	62,055	60,338	**205,548**	79,776
Kansanshi	**52,630**	54,430	60,808	**221,487**	232,243
Sentinel	**62,993**	70,829	50,874	**251,216**	220,006
Las Cruces	**10,234**	12,259	17,611	**54,352**	48,090
Guelb Moghrein	**7,369**	6,702	8,220	**28,491**	29,620
Çayeli	**3,534**	4,199	4,725	**13,334**	16,706
Pyhäsalmi	**891**	922	1,694	**4,483**	8,003
Total copper production (tonnes) – excluding pre-commercial production	**203,171**	211,396	204,270	**778,911**	634,444
Cobre Panama - pre-commercial	**–**	–	–	**–**	67,704
Total copper production (tonnes) – including pre-commercial production	**203,171**	211,396	204,270	**778,911**	702,148
Gold production (ounces)					
Cobre Panama	**25,295**	28,346	28,040	**84,667**	35,954
Kansanshi	**29,515**	31,715	36,105	**128,409**	145,386
Guelb Moghrein	**13,115**	11,620	12,027	**47,637**	44,673
Other sites [2]	**822**	1,245	1,617	**4,399**	6,780
Total gold production (ounces) – excluding pre-commercial production	**68,747**	72,926	77,789	**265,112**	232,793
Cobre Panama – pre-commercial	**–**	–	–	**–**	24,120
Total gold production (ounces) – including pre-commercial production	**68,747**	72,926	77,789	**265,112**	256,913
Nickel production (contained tonnes) – Ravensthorpe	**5,603**	5,113	–	**12,695**	–

1 Production is presented on a contained basis, and is presented prior to processing through the Kansanshi smelter.

2 Other sites include Çayeli and Pyhäsalmi.

Fourth quarter

Copper production in the fourth quarter was comparable to the same period in 2019. Strong performance at Sentinel and Cobre Panama was offset by lower production at Kansanshi.

Sentinel achieved quarterly production of 62,993, a 24% increase compared to the fourth quarter of 2019, reflecting higher throughput, grade and recoveries. Cobre Panama set new quarterly records for both mill throughput and copper production, and saw an increase of 9% in copper production from the comparable period, despite a 7-day planned maintenance shutdown in October.

Lower grades and lower sulphide and oxide recoveries impacted Kansanshi copper production in the quarter, which was 13% lower than the fourth quarter of 2019.

Total gold production was 12% lower than the comparable period in 2019. Cobre Panama produced 25,295 ounces of gold in the fourth quarter of 2020, a 10% decrease compared to fourth quarter of 2019, due to lower grade. Gold production at Kansanshi was 18% lower due to lower gravity recoverable gold produced and processing of stockpiled ore.

Ravensthorpe continued to ramp-up and produced 5,603 contained tonnes of nickel in the fourth quarter of 2020, compared with 5,113 contained tonnes in the third quarter of 2020.

Full year

Copper production in the year ended December 31, 2020, was 11% higher than 2019, including pre-commercial production, due to exceptionally strong performance at Sentinel, which achieved annual production at 251,216 tonnes, and the contribution from Cobre Panama. Copper production at Cobre Panama was impacted, in particular during the second quarter of 2020, when it was placed on preservation and safe maintenance as a result of COVID-19 restrictions. In August, Cobre Panama ramped up successfully ahead of expectation, reaching a daily record for crushing and copper production at the end of December. Cobre Panama operations achieved annual copper production of 205,548 tonnes. Copper production at Las Cruces increased by 13% compared to 2019, as the first half of 2019 was impacted by a land slippage.

Total gold production for 2020 was 3% higher than 2019, including pre-commercial production at Cobre Panama. Cobre Panama produced 84,667 ounces of gold in 2020, compared to 60,074 ounces of gold in 2019, despite significantly reduced production levels as a result of COVID-19 restrictions in the second and third quarters of 2020. Gold production at Kansanshi was 12% lower, mainly as a result of a decline in the gold concentrates produced by the gravity concentrates and processing of stockpiled oxide ore, which yields less gold.

Ravensthorpe recommenced operations with the first nickel production in late-April. The first high pressure acid leach ("HPAL") circuit was brought online in April, followed by the second circuit in May as the operation ramped up. Nickel production for the year was 12,695 contained tonnes.

SALES VOLUME SUMMARY

	Q4 2020	Q3 2020	Q4 2019	2020	2019
Copper sales volume (tonnes) [1]					
Cobre Panama	**65,770**	61,049	48,841	**208,787**	83,897
Kansanshi [1]	**51,265**	56,290	73,986	**223,147**	235,381
Sentinel	**78,975**	55,515	53,272	**231,731**	218,282
Las Cruces	**9,915**	12,646	16,284	**54,852**	48,244
Guelb Moghrein	**7,365**	6,715	6,010	**29,899**	28,046
Çayeli	**2,672**	4,451	5,553	**11,443**	18,118
Pyhäsalmi	**1,079**	867	2,018	**4,612**	8,451
Total copper sales (tonnes) – excluding pre-commercial sales	**217,041**	197,533	205,964	**764,471**	640,419
Cobre Panama – pre-commercial	**–**	–	–	**–**	48,967
Total copper sales (tonnes) – including pre-commercial sales	**217,041**	197,533	205,964	**764,471**	689,386
Gold sales volume (ounces)					
Cobre Panama	**25,669**	27,182	23,336	**86,862**	36,410
Kansanshi	**29,021**	37,524	45,342	**131,248**	146,363
Guelb Moghrein	**14,885**	11,698	8,415	**53,217**	44,946
Other sites [2]	**1,330**	1,609	2,316	**5,964**	8,407
Total gold sales (ounces) – excluding pre-commercial sales	**70,905**	78,013	79,409	**277,291**	236,126
Cobre Panama – pre-commercial	**–**	–	–	**–**	18,659
Total gold sales (ounces) [3] **–** including pre-commercial sales	**70,905**	78,013	79,409	**277,291**	254,785
Nickel sales volume (contained tonnes) – Ravensthorpe	**5,343**	4,986	–	**12,120**	–

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

2 Other sites include Çayeli and Pyhäsalmi.

3 Excludes refinery-backed gold credits purchased and delivered under the precious metal streaming arrangement (see page 42).

Fourth quarter

Total copper sales volumes were 5% higher than the comparable period in 2019, due to increased copper sales volumes at Sentinel and at Cobre Panama.

Sentinel sales volumes in the fourth quarter of 2020 were 48% higher than the comparable period and included concentrate export sales of copper concentrate. In September 2020, following a third-party smelter maintenance shutdown, Sentinel received a permit from the Zambian Ministry of Mines to export up to approximately 100,000 DMT copper concentrate to sell down the inventory buildup. Fourth quarter sales included over 50,000 DMT of copper concentrate which was sufficient to successfully reduce inventory levels.

Gold sales volumes decreased by 11% in the fourth quarter of 2020, compared to the same period in 2019, mainly due to decreased gold production at Kansanshi.

Nickel sales volumes at Ravensthorpe were 5,343 contained tonnes for the quarter.

Full year

Copper sales in the period were 11% higher compared to the same period in 2019, including pre-commercial sales from Cobre Panama. This reflects the record annual copper production at Sentinel as well as strong contribution from Cobre Panama in 2020.

Gold sales volumes for the year ended December 31, 2020 increased by 9% compared to 2019 including pre-commercial sales, reflecting the contribution from Cobre Panama.

UNIT COST SUMMARY

	Q4 2020	Q3 2020	Q4 2019	2020	2019
Copper C1 cash cost ($ per lb) [1, 4]					
Cobre Panama	**$ 1.34**	$ 1.06	$ 1.28	**$ 1.31**	$ 1.29
Kansanshi [2]	**$ 1.01**	$ 1.04	$ 1.03	**$ 1.09**	$ 1.13
Sentinel	**$ 1.44**	$ 1.25	$ 1.71	**$ 1.40**	$ 1.61
Las Cruces	**$ 1.56**	$ 1.12	$ 0.73	**$ 1.05**	$ 1.17
Other sites [3]	**$ 0.42**	$ 0.68	$ 1.16	**$ 0.68**	$ 1.05
Total copper C1 cash cost ($ per lb) [1, 2]	**$ 1.28**	$ 1.07	$ 1.24	**$ 1.21**	$ 1.31
Copper AISC ($ per lb) [1]					
Cobre Panama	**$ 1.72**	$ 1.31	$ 1.48	**$ 1.60**	$ 1.78
Kansanshi	**$ 1.59**	$ 1.61	$ 2.22	**$ 1.60**	$ 1.65
Sentinel	**$ 2.04**	$ 1.77	$ 1.85	**$ 1.92**	$ 2.12
Las Cruces	**$ 1.70**	$ 1.22	$ 0.91	**$ 1.15**	$ 1.35
Other sites [3]	**$ 0.72**	$ 0.90	$ 1.51	**$ 0.97**	$ 1.33
Total copper AISC ($ per lb) [1, 2]	**$ 1.77**	$ 1.48	$ 1.73	**$ 1.63**	$ 1.78

1 C1 cash cost and AISC are not recognized under IFRS. Refer to "Regulatory Disclosures" section from page 46.

2 Copper C1 cash cost and AISC for Kansanshi and total copper exclude purchases of copper concentrate from third parties treated through the Kansanshi smelter.

3 Other sites include Guelb Moghrein, Çayeli and Pyhäsalmi.

4 Copper production for the three months and year ended December 31, 2019 includes nil and 67,704 tonnes, respectively, of pre-commercial production from Cobre Panama, which is not included in C1, C3 and AISC calculations.

Fourth quarter

Total copper C1 cash costs of $1.28 per lb for the fourth quarter of 2020 is $0.04 per lb higher than the same period in 2019. C1 cash costs at Cobre Panama was $0.06 per lb higher in the fourth quarter of 2020 compared to the same period in 2019, reflecting additional operating costs associated with increased health and safety protocols in response to COVID-19. Sentinel and Kansanshi saw decreases to C1 cash costs reflecting favourable foreign exchange impacts and lower fuel costs. Guelb Moghrein reported quarterly C1 cash cost of $0.09, the lowest level in a decade, through major cost reduction initiatives, along with higher realized gold prices. Guelb Moghrein achieved its lowest recorded quarterly AISC of $0.36 per lb.

Total copper AISC for the quarter of $1.77 per lb is $0.04 per lb higher than the comparable period in 2019, reflecting the higher C1 cash costs. Higher Zambian royalties on the increased copper price were offset by lower sustaining capital expenditure and deferred stripping.

Full year

Total copper C1 cash cost of $1.21 per lb for the year ended December 31, 2020 was the lowest in four years, and was $0.10 per lb lower than 2019. In 2020, Sentinel achieved a record low C1 cash cost of $1.40 per lb, a $0.21 per lb decrease from 2019, reflecting significantly higher production as well as favourable foreign exchange impacts, and lower maintenance and fuel costs. C1 cash cost at Kansanshi of $1.09 per lb was $0.04 per lb lower than the previous year, as a result of higher by-product credits and favourable foreign exchange impacts. There was a notable reduction in C1 cash cost at Guelb Moghrein in 2020 to $0.38 per lb, the lowest reported annual C1 cash cost and AISC. In addition, C1 cash cost at Las Cruces was significantly lower with higher production and cost reductions. There was a full year contribution from Cobre Panama at $1.31 per lb, which included reduced production levels during the period of preservation and safe maintenance between April and July.

Total copper AISC of $1.63 per lb was $0.15 per lb lower than the comparable period of 2019 due to decreased C1 cash costs as well as lower sustaining capex at Kansanshi and Sentinel.

OPERATIONS

COBRE PANAMA

	Q4 2020	Q3 2020	Q4 2019	**2020**	2019	2019 [4]
					Post-commercial production	Pre-commercial production
Copper ore milled (000's tonnes) [1]	**17,697**	14,661	16,493	**54,457**	20,930	17,653
Copper ore grade processed (%)	**0.41**	0.47	0.41	**0.42**	0.43	0.47
Copper recovery (%)	**91**	90	89	**90**	89	85
Copper production (tonnes)	**65,520**	62,055	60,338	**205,548**	79,776	67,704
Copper sales (tonnes)	**65,770**	61,049	48,841	**208,787**	83,897	48,967
Gold production (ounces)	**25,295**	28,346	28,040	**84,667**	35,954	24,120
Gold sales (ounces) [2]	**25,669**	27,182	23,336	**86,862**	36,410	18,659
Silver production (ounces)	**500,806**	501,012	452,663	**1,595,561**	604,906	527,341
Silver sales (ounces) [2]	**504,002**	470,989	354,689	**1,581,881**	626,463	406,135
All-in sustaining cost (AISC) (per lb) [3]	**$ 1.72**	$ 1.31	$ 1.85	**$ 1.60**	$ 1.78	–
Cash cost (C1) (per lb) [3]	**$ 1.34**	$ 1.06	$ 1.28	**$ 1.31**	$ 1.29	–
Total cost (C3) (per lb) [3]	**$ 2.22**	$ 2.03	$ 2.12	**$ 2.30**	$ 2.15	–
Sales revenues	**510**	440	314	**1,455**	524	–
Gross profit	**163**	115	56	**274**	92	–
Comparative EBITDA [3]	**268**	230	136	**667**	203	–

1 DMT

2 Excludes refinery-backed gold and silver credits purchased and delivered under the precious metal streaming arrangement (see page 42).

3 AISC, C1 cash cost, C3 total cost and comparative EBITDA are not recognized under IFRS. See *"Regulatory Disclosures"* for further information.

4 Pre-commercial production and sales volumes at Cobre Panama are not included in earnings, C1, C3 and AISC calculations.

Fourth quarter

During the quarter, approximately 17.7 million tonnes of ore with an average grade of 0.41% were processed and recoveries of 91% were achieved, which resulted in copper production of 65,520 tonnes. Cobre Panama operations set new quarterly records for both mill throughput and copper production despite the challenges faced during the year.

Operations continued under strict protocols in line with COVID-19 guidelines from MINSA. There was a continued focus on waste mining and addressing the backlog of non-critical maintenance caused by the COVID-19 related restrictions during the first half of 2020. Cobre Panama operations were impacted in October by a planned 7-day, infrequent but normal, maintenance shutdown of the SAG mills and SAG mill feeder system which reduced monthly throughput. However, throughput improved to record high levels for the year in November and December, driven by increased mill rates due to higher secondary crushing utilization and consistent pebble crushing operations. A daily record for crushing and copper production was reached at the end of December, of 301,000 tonnes and 1,301 tonnes contained copper, respectively. Recoveries and concentrate grades continued to improve, benefiting from consistent and stable operations.

AISC and C1 cash cost for the fourth quarter were $1.72 per lb and $1.34 per lb, respectively. C1 cash cost at Cobre Panama was $0.06 per lb higher in the fourth quarter of 2020 compared to the same period in 2019, reflecting additional operating costs associated with increased health and safety protocols in response to COVID-19. AISC of $1.72 per lb is $0.13 per lb lower than the same period in 2019, due to lower sustaining capex and deferred stripping. Included within C1 cash costs and AISC are $10 million in increased operating costs, reflected within C1 cash costs, associated with increased health and safety protocols in response to COVID-19.

The fourth quarter was the strongest quarter to date for Cobre Panama. Sales revenues for the quarter were $510 million, benefitting from high metal prices and increased sales volumes. A record high of 65,770 tonnes of contained copper were sold in the fourth quarter. Comparative EBITDA for the quarter was $268 million, and gross profit was $163 million.

Full year

During the first quarter of 2020, throughput was impacted by unplanned downtime of the crusher circuit. On April 6, 2020, MINSA ordered the temporary suspension of labour activities on site due to COVID-19, as a result, the Company placed Cobre Panama on preservation and safe maintenance beginning April 7, 2020, operating at much reduced levels of activity consistent with ensuring safety and the protection of the environment and the assets. Operations successfully ramped up ahead of expectation in August. In the fourth quarter, throughput continued to improve, setting new quarterly mill throughput and copper production records despite a 7-day planned maintenance shutdown to the milling circuit in October.

For the year ended December 31, 2020, approximately 54.5 million tonnes of ore with an average grade of 0.42% were processed, and recoveries of 90% were achieved, resulting in copper and gold production of 205,548 tonnes and 84,667 ounces, respectively.

AISC and C1 cash cost were $1.60 per lb and $1.31 per lb, respectively, for the year ended December 31, 2020.

Sales revenues for the year ended December 31, 2020, were $1,455 million and a total of 208,787 tonnes of contained copper were sold in this period. Comparative EBITDA was $667 million and gross profit for the same period was $274 million.

Outlook

The priority for Cobre Panama remains the health and safety of the workforce and surrounding communities. The operation continues to work towards improving throughput and finding efficiencies, with a focus on managing costs.

Cobre Panama is expected to achieve 85 million tonnes of mill throughput and annual production of between 300,000 and 330,000 tonnes of copper and between 120,000 and 130,000 ounces of gold in 2021.

KANSANSHI

	Q4 2020	Q3 2020	Q4 2019	**2020**	2019
Sulphide ore milled (000's tonnes) [1]	**3,491**	3,415	3,211	**13,527**	12,908
Sulphide ore grade processed (%)	**0.79**	0.85	0.95	**0.83**	0.89
Sulphide copper recovery (%)	**90**	91	93	**92**	91
Mixed ore milled (000's tonnes) [1]	**1,987**	2,053	1,900	**8,167**	7,699
Mixed ore grade processed (%)	**0.96**	1.03	1.11	**1.00**	1.05
Mixed copper recovery (%)	**81**	79	79	**81**	77
Oxide ore milled (000's tonnes) [1]	**1,654**	2,079	1,893	**7,440**	7,201
Oxide ore grade processed (%)	**1.02**	0.80	1.07	**0.93**	1.12
Oxide copper recovery (%)	**75**	70	79	**76**	82
Copper production (tonnes) [2]	**52,630**	54,430	60,808	**221,487**	232,243
Copper smelter					
Concentrate processed [1, 3]	**354,155**	362,554	342,550	**1,320,328**	1,317,826
Copper anodes produced (tonnes) [3]	**87,392**	89,090	86,690	**323,667**	324,281
Smelter copper recovery (%)	**99**	98	97	**98**	97
Acid tonnes produced (000's)	**341**	342	327	**1,262**	1,236
Copper sales (tonnes) [4, 5]	**51,265**	56,290	73,986	**223,147**	235,381
Gold production (ounces)	**29,515**	31,715	36,105	**128,409**	145,386
Gold sales (ounces)	**29,021**	37,524	45,342	**131,248**	146,363
All-in sustaining cost (AISC) (per lb) [6, 7]	**$ 1.59**	$ 1.61	$ 1.48	**$ 1.60**	$ 1.65
Cash cost (C1) (per lb) [6, 7]	**$ 1.01**	$ 1.04	$ 1.03	**$ 1.09**	$ 1.13
Total cost (C3) (per lb) [6, 7]	**$ 1.81**	$ 1.85	$ 1.68	**$ 1.86**	$ 1.84
Sales revenues	**416**	423	495	**1,539**	1,581
Gross profit	**161**	151	166	**464**	472
Comparative EBITDA [6]	**216**	213	232	**712**	705

1 DMT

2 Production presented on a copper concentrate basis, i.e. mine production only. Production does not include output from the smelter.

3 Concentrate processed in smelter and copper anodes produced are disclosed on a 100% basis, inclusive of Sentinel and third-party concentrate processed. Concentrate processed is measured in DMT. There was no third-party purchased copper concentrate treated for the year ended December 31, 2020 (nil and 1,881 DMT for the three months and year ended December 31, 2019, respectively).

4 Sales of copper anode attributable to anode produced from third-party purchased concentrate are excluded. There were no sales of copper anode produced from purchased concentrate for the year ended December 31, 2020 (nil and 1,182 tonnes for the three months and year ended December 31, 2019, respectively).

5 Sales include third-party sales of concentrate, cathode and anode attributable to Kansanshi (excluding copper anode sales attributable to Sentinel).

6 AISC, C1 cash cost, and C3 total cost and comparative EBITDA are not recognized under IFRS. See *"Regulatory Disclosures"* for further information.

7 Excluding purchases of copper concentrate from third parties treated through the Kansanshi smelter.

Kansanshi Mining Operations

Fourth quarter

Copper production for the fourth quarter of 2020 was 13% lower than the comparable period in 2019, mainly due to lower feed grades. The lower ore grade negatively impacted sulphide and oxide recoveries. The decline in the oxide ore grade was expected due to the depletion of higher-grade areas as the mine ages. Mixed recovery benefitted from the treatment of tarnished copper sulphides.

Gold production was 18% lower than the fourth quarter of 2019, mainly as a result of a decline in the gold concentrates produced by the gravity concentrators and processing of stockpiled oxide ore, which yields less gold.

AISC of $1.59 per lb was $0.11 per lb higher than that of the same period in 2019, due to the increased royalty rate associated with higher copper price. C1 cash cost was $0.02 per lb lower than the same period in 2019, mainly due to the depreciation of the ZMW and lower fuel prices.

Sales revenues of $416 million were 16% lower for the same period in 2019, reflecting lower copper and gold sales volumes. Gross profit of $161 million was 3% lower than the same period in 2019 due to lower costs offsetting the lower revenues.

Full year

On September 14, 2020, the Company filed an updated NI 43-101 Technical Report for Kansanshi. Updated Mineral Reserve and Resource estimates show an increase of 70% and 40%, respectively, over those reported in the last update in May 2015, and extends the mine life to 24 years. In addition to the processing plant expansion and upgrades, the Kansanshi smelter capacity will be increased.

Copper production during the year was 5% lower compared to 2019, mainly due to lower grade. Throughput was 5% higher than 2019, reflecting the successful implementation of throughput improvement projects.

Gold production was 12% lower than 2019, mainly as a result of a decline in the gold concentrates produced by the gravity concentrators and processing of stockpiled oxide ore, which yields less gold.

AISC of $1.60 per lb was $0.05 per lb lower than 2019, due to lower C1 cash costs and reduced capex, partially offset by increased royalty rates as a result of the higher copper price. C1 cash cost was $0.04 per lb lower than the same period in 2019, as a result of higher by-product credits, the depreciation of the ZMW and lower fuel prices.

Sales revenues of $1,539 million were 3% lower than 2019, reflecting lower copper and gold volumes sold, partially offset by the higher realized gold and copper prices, excluding the impact of the corporate sales hedge program. Gross profit of $464 million was comparable to the same period in 2019.

Kansanshi Copper Smelter

Fourth quarter

The smelter treated 354,155 DMT of concentrate, 3% higher than the same period of 2019, and produced 87,392 tonnes of copper anode and 341,000 tonnes of sulphuric acid.

Full year

The smelter treated 1,320,238 DMT of concentrate, produced 323,667 tonnes of copper in anode and 1,262,000 tonnes of sulphuric acid and maintained a consistent overall copper recovery rate of 98%, in line with 2019 performance.

Outlook

Production in 2021 is expected to be between 210,000 and 225,000 tonnes of copper, and between 120,000 and 130,000 ounces of gold.

The NI 43-101 Technical Report filed on September 14, 2020 includes the plan for a 25 mtpa expansion of the sulphide ore processing facility and associated increase in mining capacity, increasing annual throughout to 52 mtpa (the "S3 Expansion"). The timing of capital expenditure for the S3 Expansion is proposed for 2023-2024 and requires board approval. In addition to the processing plant expansion and upgrades, the Kansanshi smelter will be increased to 1.65 mtpa capacity, an increase from the current capacity level of 1.38 mtpa. The capacity increase will be achieved partly through enhancing copper concentrate grades by lowering the carbon and pyrite content of the Kansanshi and Sentinel concentrate feeds. Concentrate processing capacity will be further expanded through modifications to the existing HPL circuit. Capital expenditure in 2021 and 2022 includes $40 million in each year on the smelter expansion.

SENTINEL

	Q4 2020	Q3 2020	Q4 2019	**2020**	2019
Copper ore milled (000's tonnes) [1]	**13,816**	14,669	12,385	**56,589**	48,858
Copper ore grade processed (%)	**0.51**	0.53	0.47	**0.49**	0.50
Copper recovery (%)	**90**	90	87	**90**	91
Copper production (tonnes)	**62,993**	70,829	50,874	**251,216**	220,006
Copper sales (tonnes)	**78,975**	55,515	53,272	**231,731**	218,282
All-in sustaining cost (AISC) (per lb) [2]	**$ 2.04**	$ 1.77	$ 2.22	**$ 1.92**	$ 2.12
Cash cost (C1) (per lb) [2]	**$ 1.44**	$ 1.25	$ 1.71	**$ 1.40**	$ 1.61
Total cost (C3) (per lb) [2]	**$ 2.28**	$ 1.98	$ 2.45	**$ 2.14**	$ 2.34
Sales revenues	**526**	340	281	**1,353**	1,199
Gross profit	**194**	110	25	**363**	176
Comparative EBITDA [2]	**277**	167	86	**614**	423

1 DMT

2 AISC, C1 cash cost, C3 total cost and comparative EBITDA are not recognized under IFRS. See *"Regulatory Disclosures"* for further information.

Fourth quarter

Copper production for the quarter increased by 24% compared to the same period in 2019, reflecting higher throughput, grade and recoveries. A higher proportion of softer ore from the Eastern cutback contributed to the enhanced throughput rates. Feed grade improved due to higher grade from the deeper mining areas as the pit progresses through the transitional ore.

AISC of $2.04 per lb was $0.18 per lb lower than the same period in 2019, reflecting lower C1 cash cost partially offset by the increased royalty rate associated with higher copper price. C1 cash cost was $0.27 per lb lower than the comparable period of 2019 reflecting the depreciation of the ZMW and lower fuel costs.

Sales revenues of $526 million for the quarter were 87% higher than the same period in 2019 due to increased copper sales volumes combined with higher realized copper prices, excluding the impact of the corporate sales hedge program. In September 2020, following a third-party smelter maintenance shutdown, Sentinel received a permit from the Zambian Ministry of Mines to export up to approximately 100,000 DMT copper concentrate to sell down the inventory buildup. The sell down of inventory was successfully completed during the quarter, and was made up of concentrate export sales of over 50,000 DMT and regular in-country sales. Sales revenues comprised sales of both concentrate as well as anode, with a higher proportion of revenue realized from copper anode. Gross profit of $194 million was $169 million higher than the comparable period in 2019, reflecting higher revenues and lower costs.

Full year

Sentinel achieved record copper production of 251,216 tonnes for the full year, 14% higher than 2019, reflecting a significant increase in throughput to 57 million tonnes in 2020.

Sentinel achieved a record low AISC and C1 cash cost. AISC of $1.92 per lb was $0.20 per lb lower than 2019, reflecting lower C1 cash cost and sustaining capital expenditure, somewhat offset by higher capitalized stripping and higher royalties. C1 cash cost was $0.21 per lb lower than 2019, mainly due to the depreciation of the ZMW, and lower fuel and maintenance costs.

Sales revenues of $1,353 million were 13% higher than 2019, attributable to both higher sales volumes and realized copper prices, excluding the impact of the corporate sales hedge program. Sales revenues comprised sales of both concentrate and anode, with a higher proportion of revenue realized from copper anode. Gross profit of $363 million was 106% higher than the comparable period in 2019, reflecting both higher sales revenues and lower costs.

Outlook

Copper production in 2021 is expected to be between 230,000 and 250,000 tonnes.

Throughput rates are expected to be maintained with secondary crushing and consistent ore supply. The focus will be on maintaining consistent ore feed as well as the development of the pocket for the fourth in-pit crusher. Mining will continue to focus on operational improvements with expansion of the trolley assist system onto the north waste dump as well as extension into the Stage 1 pit. The fourth in-pit crusher is expected to be commissioned during the second half of 2021. The fourth in-pit crusher will enable the plant to ramp-up throughput towards 62 mtpa in 2022.

GUELB MOGHREIN

	Q4 2020	Q3 2020	Q4 2019	**2020**	2019
Sulphide ore tonnes milled (000's) [1]	**986**	889	1,029	**3,788**	3,851
Sulphide ore grade processed (%)	**0.82**	0.87	0.89	**0.85**	0.87
Sulphide copper recovery (%)	**91**	86	89	**89**	89
Copper production (tonnes)	**7,369**	6,702	8,220	**28,491**	29,620
Copper sales (tonnes)	**7,365**	6,715	6,010	**29,899**	28,046
Gold production (ounces)	**13,115**	11,620	12,027	**47,637**	44,673
Gold sales (ounces)	**14,885**	11,698	8,415	**53,217**	44,946
Magnetite concentrate production (WMT) [2]	**114,128**	175,237	152,202	**579,572**	541,560
Magnetite concentrate sales (WMT) [2]	**136,316**	138,582	90,032	**590,013**	525,699
All-in sustaining cost (AISC) (per lb) [3]	**$ 0.36**	$ 0.47	$ 1.37	**$ 0.70**	$ 1.36
Cash cost (C1) (per lb) [3]	**$ 0.09**	$ 0.24	$ 0.98	**$ 0.38**	$ 1.00
Total cost (C3) (per lb) [3]	**$ 1.07**	$ 0.94	$ 1.78	**$ 1.20**	$ 1.87
Sales revenues	**84**	71	50	**300**	243
Gross profit	**38**	30	9	**103**	45
Comparative EBITDA [3]	**45**	38	16	**139**	87

1 DMT

2 Magnetite concentrate production and sales volumes are measured in wet metric tonnes ("WMT").

3 AISC, C1 cash cost, C3 total cost and comparative EBITDA are not recognized under IFRS. See *"Regulatory Disclosures"* for further information.

Fourth quarter and full year

Copper production for the fourth quarter and year ended December 31, 2020 was 10% and 4% lower, respectively, than the same periods in 2019 as a result of lower grade and lower throughput. Gold production for the quarter and year ended December 31, 2020 was 9% and 7% higher, respectively, compared to the same periods in 2019. Increased gold production resulted from higher gold recoveries due to improvements in flotation and gravity gold operations, in addition to improved mineralogy with the introduction of ore from the Oriental deposit during the year.

The magnetite plant production for the quarter was 25% lower than the same period in 2019 due to lower throughput and recovery. The magnetite plant production for the year ended December 31, 2020 was 7% higher due to higher throughput for the full year as a result of steady plant operations.

AISC for the quarter and year ended December 31, 2020 decreased by $1.01 per lb and $0.66 per lb, respectively, compared to the same periods in 2019, mainly driven by lower C1 cash costs for the periods. C1 cost for the quarter and year ended December 31, 2020 benefited from major cost reduction initiatives, in addition to higher gold and magnetite sales and higher realized gold prices.

Sales revenues for the quarter and year ended December 31, 2020 were 68% and 23% higher respectively compared to the same period in 2019 due to higher sales volumes and realized metal prices. Gross profit for the quarter and year ended December 31, 2020 was $29 million and $58 million higher than the comparable periods in 2019, reflecting the lower costs and higher sales revenues.

Outlook

Production in 2021 is expected to be approximately 20,000 tonnes of copper, 40,000 ounces of gold, and 400,000 WMT of magnetite concentrate.

Open pit mining is expected to conclude during 2021, and the operation will transition to treatment of lower grade stockpiled materials. The focus will be on improving efficiency and plant operations to maximize operating hours and recovery from the stockpile feed. Several major cost initiatives were concluded in 2020 which successfully reduced costs. Further initiatives will continue into 2021.

LAS CRUCES

	Q4 2020	Q3 2020	Q4 2019	**2020**	2019
Ore tonnes milled (000's tonnes) [1]	**381**	343	364	**1,462**	1,354
Copper ore grade processed (%)	**3.22**	4.24	5.71	**4.35**	4.17
Copper recovery (%)	**83**	84	85	**85**	85
Copper cathode production (tonnes)	**10,234**	12,259	17,611	**54,352**	48,090
Copper cathode sales (tonnes)	**9,915**	12,646	16,284	**54,852**	48,244
All-in sustaining cost (AISC) (per lb) [2]	**$ 1.70**	$ 1.22	$ 0.91	**$ 1.15**	$ 1.35
Cash cost (C1) (per lb) [2]	**$ 1.56**	$ 1.12	$ 0.73	**$ 1.05**	$ 1.17
Total cost (C3) (per lb) [2]	**$ 3.76**	$ 3.24	$ 2.43	**$ 2.88**	$ 3.08
Sales revenues	**70**	82	97	**332**	291
Gross profit (loss)	**(11)**	(6)	7	**(13)**	(38)
Comparative EBITDA [2]	**35**	52	71	**204**	167

1 DMT

2 AISC, C1 cash cost, C3 total cost and comparative EBITDA are not recognized under IFRS. See *"Regulatory Disclosures"* for further information.

Fourth quarter and full year

In August, after 12 years of operations, mining activities ended with the depletion of ore in Phase VI. The plant was fed surface stockpiles from August. The stockpiled ore has impacted plant throughput, grade and recoveries during the last part of the year, due to challenges of processing sticky ore and lower grades than previously fed fresh ore.

Copper production for the fourth quarter of 2020 decreased by 42% compared to the same period in 2019, due to lower ore grade processed and decreased recoveries related to mineral characteristics. Copper production for 2020 increased by 13% compared to 2019. In 2020, plant production returned to normal throughput levels following the land slippage in January 2019. Plant throughput in 2019 was further impacted by the ball mill failure in September.

AISC of $1.70 per lb for the quarter was $0.79 per lb higher than the same period in 2019, reflecting higher C1 cash cost. The C1 cash cost was impacted by lower copper production. This was partially mitigated by lower total operating costs. AISC of $1.15 per lb for the year ended December 31, 2020 was $0.20 per lb lower than 2019, reflecting lower C1 cash cost driven by higher copper production, lower operating costs and lower deferred stripping.

Sales revenues for the quarter of $70 million were 28% lower than the comparable period in 2019, due to lower sales volumes, excluding the impact of the corporate sales hedge program. The decrease in sales revenues resulted in a gross loss of $11 million in the quarter, compared to a gross profit of $7 million in the fourth quarter of 2019.

Sales revenues of $332 million for the year were 14% higher compared to 2019, due to higher sales volumes and higher realized copper prices, excluding the impact of the corporate sales hedge program. The increase in revenues resulted in a gross loss of $13 million in 2020, compared to a gross loss of $38 million in 2019.

Backfilling activities related to the restoration plan continue.

Outlook

2020 was the final year of production for the open-pit. In the beginning of 2021, ore in surface was processed. Current mine life has been extended through the re-processing of high grade tailings which commenced in February 2021 and is expected to continue until the end of 2022.

Production in 2021 is 12,000 tonnes of copper, with cost optimization being the focus.

The technical and study work on the polymetallic refinery project is expected to continue, as well as work to obtain permits required to carry out the project. The Company is also in the process of exploring the potential for commercial agreements with other mines in the region to enhance the value of the project. Environmental permits were received in 2020 and water permits are expected to be granted during 2021.

ÇAYELI

	Q4 2020	Q3 2020	Q4 2019	2020	2019
Copper production (tonnes)	**3,534**	4,199	4,725	**13,334**	16,706
Copper sales (tonnes)	**2,672**	4,451	5,553	**11,443**	18,118
Zinc production (tonnes)	**1,943**	951	1,896	**4,512**	5,252
Zinc sales (tonnes)	**1,882**	1,625	2,046	**5,364**	3,879
All-in sustaining cost (AISC) (per lb) [1]	**$ 1.37**	$ 1.29	$ 1.51	**$ 1.53**	$ 1.65
Cash cost (C1) (per lb) [1]	**$ 0.96**	$ 1.07	$ 1.11	**$ 1.24**	$ 1.35
Total cost (C3) (per lb) [1]	**$ 1.52**	$ 1.91	$ 1.60	**$ 2.14**	$ 2.16
Sales revenues	**18**	25	32	**64**	95
Gross profit	**6**	5	11	**6**	22
Comparative EBITDA [1]	**9**	12	16	**26**	55

1 AISC, C1 cash cost, C3 total cost and comparative EBITDA are not recognized under IFRS. See *"Regulatory Disclosures"* for further information.

Fourth quarter and full year

Copper production for the fourth quarter was 25% lower than the same period in 2019 due to lower throughput, grade, and recovery. For the year ended December 31, 2020, copper production was 20% lower than 2019 due to lower throughput related to 26 days of shutdown resulting from a strike in the second quarter of 2020 which was resolved on June 6, 2020, the main ramp rehabilitation during the first quarter, as well as lower copper ore grade through the end of the life of mine.

AISC for the quarter and year ended December 31, 2020 decreased by $0.14 per lb and $0.12 per lb, respectively, compared to the same periods in 2019, mainly driven by lower C1 cash cost, and lower sustaining capital expenditure for the year. C1 cash costs for the quarter and year ended December 31, 2020 benefited from the depreciation of the Turkish lira, lower fuel costs and higher by-product credits.

Sales revenues for the fourth quarter of 2020, were $14 million lower, compared to the same period in 2019 due to lower sales volumes and grades, which resulted in a gross profit of $6 million. Sales revenues for the year were $31 million lower compared to 2019 due to lower sales volumes as a result of lower production and lower realized copper and zinc prices.

Outlook

Production for 2021 is expected to be 11,000 tonnes of copper and 3,000 tonnes of zinc, reflecting a declining number of work areas as the mine approaches reserve depletion in 2024.

Production is expected to be challenging due to poor ground conditions in the areas planned to be mined, therefore ground stabilization will continue to be critical to achieving the expected production levels.

PYHÄSALMI

	Q4 2020	Q3 2020	Q4 2019	2020	2019
Copper production (tonnes)	**891**	922	1,694	**4,483**	8,003
Copper sales (tonnes)	**1,079**	867	2,018	**4,612**	8,451
Zinc production (tonnes) [1]	**–**	380	566	**2,536**	12,080
Zinc sales (tonnes)	**–**	377	933	**2,230**	12,493
Pyrite production (tonnes)	**132,415**	124,913	120,687	**462,160**	553,644
Pyrite sales (tonnes)	**119,593**	99,386	110,823	**460,878**	423,330
All-in sustaining cost (AISC) (per lb) [2]	**$ 2.21**	$ 1.90	$ 2.11	**$ 1.55**	$ 0.55
Cash cost (C1) (per lb) [2]	**$ 2.06**	$ 1.82	$ 2.02	**$ 1.48**	$ 0.51
Total cost (C3) (per lb) [2]	**$ 2.93**	$ 2.33	$ 2.17	**$ 2.03**	$ 1.77
Sales revenues	**12**	10	17	**46**	90
Gross profit	**3**	1	5	**8**	24
Comparative EBITDA [2]	**4**	2	5	**12**	45

1 Zinc production for the three months ended September 30, 2020 has been adjusted from 521 tonnes to 380 tonnes, and for the year-ended December 31, 2020 has been adjusted from 2,677 tonnes to 2,536 tonnes.

2 AISC, C1 cash cost, C3 total cost and comparative EBITDA are not recognized under IFRS. See *"Regulatory Disclosures"* for further information.

Fourth quarter and full year

Copper production was lower for the quarter and year ended December 31, 2020, compared to the same periods in 2019, mainly due to lower copper grade and throughput. The lower throughput and grades in 2020 reflect the nearly depleted mineral reserve and the constraint on available work areas at this stage of the mine life.

AISC of $2.21 per lb and $1.55 per lb for the quarter and year ended December 31, 2020, respectively, were higher than the comparable periods in 2019 mainly due to higher C1 cash cost, which reflected lower by-product credits and lower copper production.

Sales revenues for the quarter and year ended December 31, 2020, of $12 million and $46 million, respectively, were lower than the comparable periods, due to lower copper and zinc sales volumes, resulting in lower gross profit in both periods.

Outlook

Production guidance for 2021 is 2,000 tonnes of copper, 1,000 ounces of gold and 500 tonnes of zinc. The operation is also expected to produce approximately 250,000 tonnes of pyrite. Mining is expected to continue into the second half of 2021.

RAVENSTHORPE

	Q4 2020	Q3 2020	Q4 2019	2020	2019
Beneficiated ore tonnes processed (000's)	**728**	769	–	**1,954**	–
Beneficiated ore grade processed (%)	**0.99**	1.01	–	**0.98**	–
Nickel recovery (%)	**78**	73	–	**74**	–
Nickel production (contained tonnes)	**5,603**	5,113	–	**12,695**	–
Nickel sales (contained tonnes)	**5,343**	4,986	–	**12,120**	–
Nickel production (payable tonnes)	**4,534**	4,102	–	**10,215**	–
Nickel sales (payable tonnes)	**4,342**	4,016	–	**9,787**	–
All-in sustaining cost (AISC) (per lb) [1]	**$ 6.09**	$ 6.53	–	**$ 6.46**	–
Cash cost (C1) (per lb) [1]	**$ 5.39**	$ 5.88	–	**$ 5.72**	–
Total cost (C3) (per lb) [1]	**$ 6.78**	$ 7.36	–	**$ 7.19**	–
Sales revenues	**75**	62	–	**156**	–
Gross profit (loss)	**7**	(8)	(18)	**(68)**	(38)
Comparative EBITDA [1]	**15**	(2)	(17)	**(48)**	(33)

1 AISC, C1 cash cost, C3 total cost and comparative EBITDA are not recognized under IFRS. See *"Regulatory Disclosures"* for further information.

Fourth quarter and full year

Ravensthorpe recommenced operations in the first quarter of 2020. Nickel production for the fourth quarter was 5,603 contained tonnes of nickel with the focus continuing on stabilizing plant operations, already resulting in recovery increases from 73% in the third quarter to 78% in the fourth quarter. Despite a power outage in October, nickel production for the fourth quarter was higher than the previous quarter.

Sales revenues in the fourth quarter of 2020 were $75 million with the average LME nickel price of $7.11 per lb. Sales revenue for the twelve months were $156 million with the average LME nickel price of $6.25 per lb.

C1 cash cost of $5.39 per lb for the fourth quarter is lower than the third quarter of $5.88 per lb due to increased production. Gross loss of $68 million for the year ended December 31, 2020, excluded commissioning costs of $56 million associated with restarting the operation in the first half of the year.

Construction of the Shoemaker Levy Project continued during the fourth quarter with further steel work at the primary crusher and sizer building at 40% complete, over 90% of the overland conveyor installed and belt splicing commenced. Work commenced on the earthworks and concrete for the mining fleet maintenance workshop and administration facilities. Civil works are well advanced for the overland conveyor system.

Mining operations at Shoemaker Levy included pre stripping, grade control and production drilling and the maiden blast took place late in the quarter.

Outlook

Production in 2021 is expected to be between 23,000 and 27,000 tonnes of nickel. Shipments for offtake are scheduled for each month in 2021. The focus for 2021 is on incremental increases in nickel production achieved by higher availability, better utilization and improved recovery.

Shoemaker Levy is now at peak and the material deliveries, previously impacted by COVID-19 related shipping demands, have been resolved. The metallurgical test work of the Shoemaker Levy drilling indicate encouraging results. The planning and optimization of the existing plant to allow for the transition to Shoemaker Levy is progressing and the associated risks have been mitigated. First ore from Shoemaker Levy is expected to be delivered to the existing plant in the second quarter of 2021.

SALES REVENUES

		Q4 2020	Q3 2020	Q4 2019	**2020**	2019	2018
Cobre Panama [2]	- copper	**432**	362	253	**1,202**	431	–
	- gold	**65**	66	53	**214**	79	–
	- other	**13**	12	8	**39**	14	–
Kansanshi	- copper	**361**	352	424	**1,309**	1,363	1,491
	- gold	**55**	71	65	**229**	197	160
	- acid	**–**	–	6	**1**	21	21
Sentinel	- copper	**526**	340	281	**1,353**	1,199	1,454
Las Cruces	- copper	**70**	82	97	**332**	291	470
Guelb Moghrein	- copper	**47**	38	30	**161**	145	154
	- gold	**27**	21	12	**89**	58	58
	- magnetite	**10**	12	8	**50**	40	23
Çayeli	- copper	**14**	22	26	**53**	85	87
	- other	**4**	3	6	**11**	10	13
Pyhäsalmi	- copper	**9**	5	10	**26**	45	70
	- zinc	**–**	–	1	**2**	22	45
	- other	**3**	5	6	**18**	23	29
Ravensthorpe	- nickel	**71**	59	–	**148**	–	–
	- cobalt	**4**	3	–	**8**	–	–
Corporate [1]		**(110)**	(51)	(2)	**(46)**	44	(109)
Sales revenues		**1,601**	1,402	1,284	**5,199**	4,067	3,966
	Copper	**1,348**	1,150	1,120	**4,377**	3,603	3,616
	Gold	**147**	158	132	**537**	342	228
	Nickel	**68**	61	–	**159**	–	–
	Other	**38**	33	32	**126**	122	122
		1,601	1,402	1,284	**5,199**	4,067	3,966

1 Corporate sales include copper and nickel sales hedges (see *"Hedging programs"* for further discussion).

2 The Company determined that commercial production at Cobre Panama commenced effective September 1, 2019. Pre-commercial sales revenues attributable to Cobre Panama are capitalized and are excluded from earnings.

Full year

Sales revenues of $5,199 million were 28%, or $1,132 million, higher than 2019, reflecting a full twelve months of commercial sales at Cobre Panama, where commercial production commenced September 1, 2019, and $159 million of nickel sales revenues following the restart of Ravensthorpe.

Copper sales revenues were 21%, or $774 million, higher than 2019 reflecting a 19% increase in commercial sales volumes, following the contribution from Cobre Panama, and a 2% higher net realized copper price. Copper sales revenues include a $59 million loss on the copper sales hedge program, compared with a gain of $44 million in 2019.

Gold sales revenues were 57%, or $195 million, higher than 2019, reflecting a 17% increase in commercial gold sales volumes, attributable to Cobre Panama, which contributed $214 million, as well as higher realized gold prices in the period compared to 2019. Cobre Panama gold and silver revenues of $253 million include $87 million of gold and silver revenues recognized under the precious metal stream, with an associated $129 million cost of purchase of refinery-backed gold and silver credits to satisfy the obligation recognized within cost of sales.

Nickel sales revenues of $159 million have been recognized in the year ended December 31, 2020, reflecting continued ramp-up at Ravensthorpe and include an $11 million gain on the nickel sales hedge program.

Fourth quarter

Sales revenues of $1,601 million for the quarter were 25%, or $317 million higher than the comparable period in 2019, driven by higher sales volumes at Cobre Panama and Sentinel, higher realized copper and gold prices, and nickel revenue contribution from Ravensthorpe.

Copper sales revenues were 20%, or $228 million, higher than the comparable period of 2019 reflecting a $60 million increase in sales volumes, and $168 million increase from higher net realized price. The net realized copper price of $2.82 per lb for the fourth quarter of 2020 was $0.35 higher than the same period in 2019, and includes the impact of a $111 million loss on the copper sales hedge program, compared with a loss of $1 million in 2019.

Gold sales revenues of $147 million were 11%, or $15 million, higher than the comparable period of 2019, as the higher realized gold prices in the period more than offset the reduction in sales volumes. Cobre Panama gold and silver revenues of $78 million include $24 million of gold and silver revenues recognized under the precious metal stream, with an associated $39 million cost of purchase of refinery-backed gold and silver credits to satisfy the obligation recognized within cost of sales.

Nickel sales revenues of $68 million have been recognized in the quarter, reflecting continued ramp-up at the Ravensthorpe operation and include a $3 million loss on the nickel sales hedge program.

REALIZED PRICES

Realized metal prices are not measures recognized under IFRS. Refer to *"Regulatory Disclosures"* section from page 46.

COPPER SELLING PRICE (PER LB)

	Q4 2020	Q3 2020	Q4 2019	**2020**	2019
Average LME cash price	**$ 3.20**	$ 2.96	$ 2.67	**$ 2.80**	$ 2.72
Realized copper price	**$ 2.97**	$ 2.77	$ 2.62	**$ 2.74**	$ 2.70
Treatment/refining charges ("TC/RC") and freight charges	**$ (0.15)**	$ (0.13)	$ (0.15)	**$ (0.14)**	$ (0.15)
Net realized copper price	**$ 2.82**	$ 2.64	$ 2.47	**$ 2.60**	$ 2.55

Given the volatility in copper prices, significant variances can arise between average LME cash price and net realized prices due to the timing of sales during the period.

The copper sales hedging program resulted in losses of $111 million and $59 million to the copper revenues in the quarter and full year ended December 31, 2020, respectively, compared with a loss of $1 million and gain of $44 million in the comparable periods of 2019. The impact on net realized copper price was a decrease of $0.23 per lb and $0.04 per lb for the quarter and the full year ended December 31, 2020, respectively, and an increase of $0.03 per lb for the full year of 2019.

Details of the Company's hedging program and the contracts held are included on pages 38 and 39.

NICKEL SELLING PRICE (PER PAYABLE LB)

	Q4 2020	Q3 2020	Q4 2019	**2020**	2019
Average LME cash price	**$ 7.11**	$ 6.45	$ 7.01	**$ 6.25**	$ 6.32
Net realized nickel price	**$ 7.11**	$ 6.88	$ –	**$ 7.37**	$ –

Given the volatility in nickel prices, significant variances can arise between average LME cash price and net realized prices due to the timing of sales during the period.

The nickel sales hedging program resulted in losses of $3 million and gains of $11 million to the nickel revenues in the quarter and year, respectively. This included the $10 million impact of ineffective hedges for the year ended December 31, 2020, as a result of the timing of the ramp-up of the Ravensthorpe production. The impact of the sales hedging program on net realized nickel price was a decrease of $0.32 per lb and an increase of $0.51 per lb for the quarter and the full year, respectively.

SUMMARY FINANCIAL RESULTS [1]

	Q4 2020	Q3 2020	Q4 2019	2020	2019	2018
Gross profit (loss)						
Cobre Panama [1]	**163**	115	56	**274**	92	–
Kansanshi	**161**	151	166	**464**	472	623
Sentinel	**194**	110	25	**363**	176	288
Las Cruces	**(11)**	(6)	7	**(13)**	(38)	116
Guelb Moghrein	**38**	30	9	**103**	45	30
Çayeli	**6**	5	11	**6**	22	23
Pyhäsalmi	**3**	1	5	**8**	24	40
Ravensthorpe	**7**	(8)	(18)	**(68)**	(38)	(16)
Corporate [2]	**(118)**	(52)	(2)	**(60)**	35	(126)
Total gross profit	**443**	346	259	**1,077**	790	978
Exploration	**(6)**	(3)	(7)	**(15)**	(19)	(26)
General and administrative	**(29)**	(24)	(25)	**(99)**	(82)	(74)
Impairment	**–**	–	(101)	**–**	(101)	–
Share of loss in joint venture	**(4)**	(5)	(10)	**(45)**	(11)	–
Other expense	**(47)**	(57)	(47)	**(223)**	(103)	(69)
Net finance expense	**(189)**	(179)	(187)	**(738)**	(248)	(13)
Loss on redemption of senior notes	**(3)**	–	–	**(5)**	(25)	–
Adjustment for expected phasing of Zambian VAT receipts	**5**	16	(22)	**80**	(182)	(5)
Income tax credit (expense)	**(147)**	(62)	17	**(256)**	(70)	(283)
Net earnings (loss)	**23**	32	(123)	**(224)**	(51)	508
Net earnings (loss) attributable to:						
Non-controlling interests	**14**	3	(8)	**(44)**	6	67
Shareholders of the Company	**9**	29	(115)	**(180)**	(57)	441
Comparative earnings (loss)	**53**	64	35	**(46)**	249	487
Earnings (loss) per share						
Basic	**$ 0.01**	$ 0.04	$ (0.17)	**$ (0.26)**	$ (0.08)	$ 0.64
Diluted	**$ 0.01**	$ 0.04	$ (0.17)	**$ (0.26)**	$ (0.08)	$ 0.64
Comparative	**$ 0.08**	$ 0.09	$ 0.05	**$ (0.07)**	$ 0.36	$ 0.71
Basic weighted average number of shares (in 000's)	**688,939**	688,806	688,083	**688,469**	687,596	686,747

1 The Company determined that commercial production at Cobre Panama commenced effective September 1, 2019. Pre-commercial production operating results attributable to Cobre Panama are capitalized and are excluded from earnings.

2 Corporate gross profit (loss) relates primarily to the sales hedge contracts.

Full year

Gross profit of $1,077 million for the year was $287 million, or 36% higher than 2019, principally due to an increase in sales revenues and lower operating costs, including lower fuel costs and favourable impact of foreign exchange rates. A loss of $48 million was recognized on the corporate copper and nickel sales hedge program compared to a $44 million gain in the comparable period of 2019.

Net loss attributable to shareholders of the Company of $180 million includes net finance expense of $738 million, of which a significant proportion would previously have been eligible for capitalization but is now expensed following declaration of commercial production at Cobre Panama effective September 1, 2019. Other expense of $223 million includes a foreign exchange loss of $225 million, principally attributable to ZMW denominated VAT receivable balances.

An $80 million credit adjustment for Zambian VAT receipts was recognized, representing the expected phasing of receipts, and the impact of foreign exchange, using a ZMW risk-free rate. A $45 million share of the loss in KPMC was recognized in the period resulting from lower site earnings, driven by reduced Cobre Panama production during the period of preservation and safe maintenance, and shareholder loan interest expense. In the year ended December 31, 2019, $7 million of general and administrative costs were capitalized to the Cobre Panama project.

An income tax expense of $256 million has been recognized compared with an income tax expense of $70 million recognized in the comparable period of 2019, reflecting applicable statutory tax rates, which range from 20% to 35% for the Company's operations. The effective tax rate for the period, excluding the net interest expense was 33%. No tax credits have been recognized with respect to net losses of $48 million realized under the Company's copper and nickel sales hedge program.

Fourth quarter

Gross profit for the fourth quarter of 2020 of $443 million was $184 million, or 71% higher than the same period of 2019, driven by higher copper sales volumes, higher realized prices and lower operating costs. A net loss of $114 million was recognized in the quarter on the corporate copper and nickel sales hedge program compared to a loss of $1 million in the fourth quarter of 2019.

Net profit attributable to shareholders of the Company of $9 million included net finance expense of $189 million, $2 million higher than the fourth quarter of 2019.

A $5 million credit adjustment for Zambian VAT receipts was recognized, compared with an expense of $22 million recognized in the fourth quarter of 2019. Movements in the current quarter have largely been driven by the USD/ZMW exchange rate, which further depreciated during the quarter. Other expense of $47 million includes a foreign exchange loss of $32 million, principally attributable to ZMW denominated VAT receivable balances.

An income tax expense of $147 million has been recognized in the fourth quarter of 2020, compared with an income tax credit of $17 million recognized in the fourth quarter of 2019, reflecting applicable statutory tax rates, which range from 20% to 35% for the Company's operations. No tax credits have been recognized with respect to net losses of $114 million realized under the Company's copper and nickel sales hedge program.

LIQUIDITY AND CAPITAL RESOURCES

	Q4 2020	Q3 2020	Q4 2019	2020	2019	2018
Cash flows from operating activities	**533**	452	400	**1,613**	889	1,980
Cash flows from (used by) investing activities						
Payments and deposits for property, plant and equipment	**(172)**	(138)	(325)	**(610)**	(1,455)	(2,143)
Capitalized borrowing costs paid in cash	**–**	–	–	**–**	(388)	(441)
Acquisition of KPMC	**(100)**	–	(100)	**(100)**	(100)	(185)
Other investing activities	**27**	6	9	**37**	23	17
Cash flows from (used by) financing activities						
Net movement in debt and trading facilities	**(143)**	(84)	203	**103**	883	948
Interest paid	**(85)**	(197)	(87)	**(574)**	(181)	–
Early redemption costs on senior notes	**–**	–	–	**–**	(14)	–
Other financing activities	**(63)**	(7)	17	**(72)**	78	(68)
Exchange gains (losses) on cash and cash equivalents	**2**	1	–	**(6)**	–	(22)
Net cash inflow (outflow)	**(1)**	33	117	**391**	(265)	86
Cash balance	**914**	915	523	**914**	523	788
Total assets	**24,236**	24,092	24,747	**24,236**	24,747	23,537
Total current liabilities	**2,435**	2,873	2,523	**2,435**	2,523	1,644
Total long-term liabilities	**11,766**	10,943	11,562	**11,766**	11,562	11,171
Net debt [1]	**7,409**	7,545	7,675	**7,409**	7,675	6,497
Cash flows from operating activities per share [1]	**$ 0.77**	$ $0.66	$ 0.58	**$ 2.34**	$ 1.29	$ 2.88

1 Cash flows per share and Net debt are not recognized under IFRS. Net debt comprises unrestricted cash and cash equivalents, bank overdrafts and total debt. See *"Regulatory Disclosures"* for further information.

Net debt decreased by $266 million during the year, and by $136 million in the fourth quarter, to $7,409 million. Trade receivables balances increased by 45% in the quarter to $583 million at the year-end. This was principally attributable to the timing of shipments in the final week of December, as well as movements in provisional pricing for the increased copper price. Cash receipts relating to these shipments were received in January 2021.

Cash flows from operating activities in the year were $724 million higher than 2019, reflecting higher comparative EBITDA and lower working capital outflows.

Capital expenditure of $610 million is $845 million lower than 2019, following completion of the Cobre Panama project construction and commissioning by the end of 2019. Cash flows used by investing activities also include $100 million penultimate instalment payment in respect of the acquisition of KPMC in 2017.

Following the declaration of commercial production at Cobre Panama, effective September 1, 2019, and the cessation of capitalization of interest, interest paid of $574 million is included within cash flows from financing activities in the year, comparable to $181 million of interest paid and $388 million of interest paid and capitalized under investing activities in 2019. Cash flows used by financing activities include redemptions of the remaining 2021 and 2022 Notes, issuance of additional 2023 and 2025 Notes, and $1,500 million 2027 Notes issued in October 2020.

Liquidity outlook

At December 31, 2020, the Company had $914 million in net unrestricted cash and cash equivalents and current working capital of $1,107 million.

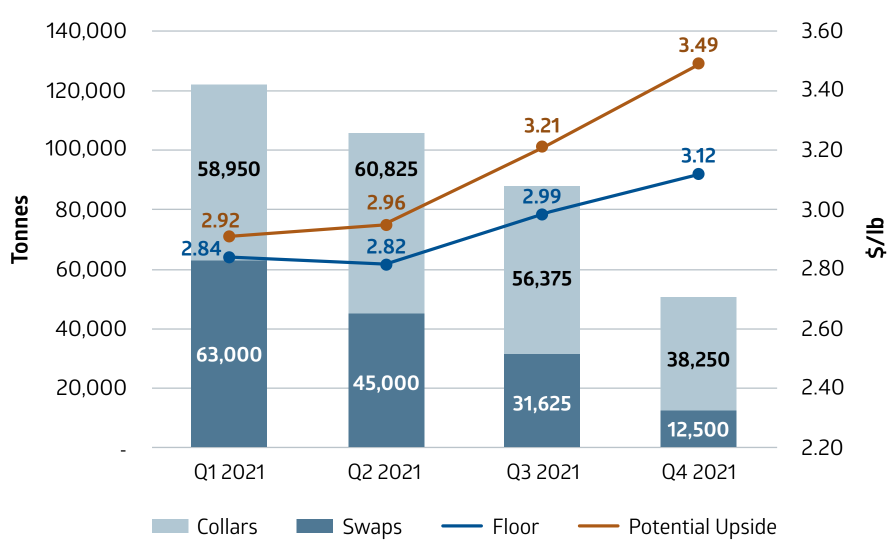
The Company continues to actively manage all site operating costs while focusing on productivity and cost efficiency. Operating costs at all sites have and are continuing to be reviewed to identify opportunities to further reduce costs and as at December 31, 2020, the Company has hedged 60 million litres of ULSD with maturities to April 2021 at an average price of $0.34 per litre.

Foreign exchange risk arises from transactions denominated in currencies other than USD. The USD/ZMW exchange rate has had the greatest impact on the Company's cost of sales, as measured in USD. A 10% movement in the USD/ZMW exchange rate would impact the Company's cost of sales by approximately $20 million per annum. Furthermore, movements in the USD/ZMW exchange rate would also result in the revaluation of balance sheet items, including the VAT receivable by the Company's Zambian operations.

The Company has entered into derivative contracts to ensure that the exposure to the price of copper on future sales is managed to ensure stability of cash flows. At February 16, 2021, the Company had unmargined copper forward sales contracts for 128,625 tonnes at an average price of $2.86 per lb outstanding with periods of maturity to December 2021. In addition, the Company has zero cost copper collar unmargined sales contracts for 198,500 tonnes at weighted average prices of $2.93 per lb to $3.25 per lb outstanding with maturities to December 2021. Furthermore, subsequent to December 31, 2020, the Company realized, in January 2021, unmargined copper forward sales contracts for 23,500 tonnes and zero cost copper collar unmargined sales contracts for 15,900 tonnes, at an average price of $2.91 per lb.

At February 16, 2021, the Company also had unmargined nickel forward sales contracts for 2,251 tonnes at an average price of $6.96 per lb outstanding with maturities to October 2021. In addition, the Company has zero cost nickel collar unmargined sales contracts for 600 tonnes at weighted average prices of $7.50 per lb to $8.55 per lb outstanding with maturities to August 2021.

COPPER SALES HEDGE PROFILE - FEBRUARY 16, 2021



Approximately 40% 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 of $2.90 per lb.

These, together with expected future cash flows, support the Company's belief in its ability to meet current obligations as they become due. The Company was in full compliance with all its financial covenants at December 31, 2020, and expects to remain in compliance throughout the next 12 months.

On April 22, 2020, the Company announced the amendment of financial covenants under the senior Term Loan and Revolving Credit Facility ("RCF") in response to uncertainty related to COVID-19. The Net Debt to EBITDA Ratio has been increased to 5.00 for the third and fourth quarters of 2020, to 4.75 for the first and second quarters of 2021 and to 4.50 for the third and fourth quarters of 2021. The Debt Service Cover Ratio has been decreased to 1.00 for the second, third and fourth quarters of 2020 and to 1.10 for all quarters of 2021. The financial covenants will revert to the original ratios from 2022.

At December 31, 2020, the Company had total commitments of $50 million, all of which related to the 12 months following the period end.

Contractual and other obligations as at December 31, 2020 are as follows:

	Carrying Value	Contractual Cashflows	< 1 year	1-3 years	3-5 years	Thereafter
Debt – principal repayments	8,012	8,061	561	2,800	2,200	2,500
Debt – finance charges	–	2,147	513	869	524	241
Trading facilities	311	311	311	–	–	–
Trade and other payables	762	762	762	–	–	–
Derivative instruments	452	452	452	–	–	–
Liability to joint venture [1]	1,327	2,387	–	–	–	2,387
Joint venture consideration	94	100	100	–	–	–
Current taxes payable	164	164	164	–	–	–
Deferred payments	50	50	5	10	10	25
Leases	30	34	9	14	6	5
Commitments	–	50	50	–	–	–
Restoration provisions	821	1,147	40	49	48	1,010
	12,023	15,665	2,967	3,742	2,788	6,168

1 Refers to distributions to KPMC, a joint venture that holds a 20% non-controlling interest in MPSA of which the Company has joint control, and not scheduled repayments.

Hedging programs

The Company has hedging programs in respect of future copper and nickel sales, future fuel purchase, and provisionally priced sales contracts. Below is a summary of the fair values of unsettled derivative financial instruments for commodity contracts recorded on the consolidated balance sheet.

COMMODITY CONTRACTS

	December 31, 2020	December 31, 2019
Asset position	8	9
Liability position	(452)	(31)

COMMODITY CONTRACTS

	Open Positions (tonnes/ozs)	**Average Contract Price**	**Closing Market Price**	**Maturities Through**
Copper forward	**152,125**	**$ 2.86/lb**	**$ 3.51/lb**	**December 2021**
Copper zero cost collar	**174,400**	**$2.83 - $3.07/lb**	**$ 3.51/lb**	**December 2021**
Nickel forward	**3,213**	**$ 6.89/lb**	**$ 7.50/lb**	**October 2021**
Fuel forward	**60,408,600**	**$ 0.34/lt**	**$ 0.38/lt**	**April 2021**

During the year ended December 31, 2020, a loss for settled hedges of $48 million was realized through sales revenues. Fair value losses on outstanding contracts of $401 million have been recognized as a net derivative liability at December 31, 2020.

Provisional pricing and derivative contracts

A portion of the Company's metal sales is sold on a provisional pricing basis whereby sales are recognized at prevailing metal prices when title transfers to the customer and final pricing is not determined until a subsequent date, typically two months later. The difference between final price and provisional invoice price is recognized in net earnings. In order to mitigate the impact of these adjustments on net earnings, the Company enters into derivative contracts to directly offset the pricing exposure on the provisionally priced contracts. The provisional pricing gains or losses and offsetting derivative gains or losses are both recognized as a component of cost of sales. Derivative assets are presented in other assets and derivative liabilities are presented in other liabilities with the exception of copper and gold embedded derivatives which are included within accounts receivable.

As at December 31, 2020, the following derivative positions in provisionally priced sales and commodity contracts not designated as hedged instruments were outstanding:

	Open Positions (tonnes/ozs)	**Average Contract Price**	**Closing Market Price**	**Maturities Through**
Embedded derivatives in provisionally priced sales contracts:				
Copper	**146,677**	**$ 3.46/lb**	**$ 3.51/lb**	**April 2021**
Gold	**43,103**	**$ 1,829/oz**	**$ 1,891/oz**	**April 2021**
Nickel	**3,176**	**$ 7.55/lb**	**$ 7.50/lb**	**February 2021**
Commodity contracts:				
Copper	**146,174**	**$ 3.46/lb**	**$ 3.51/lb**	**April 2021**
Gold	**42,730**	**$ 1,829/oz**	**$ 1,891/oz**	**April 2021**
Nickel	**3,174**	**$ 7.55/lb**	**$ 7.50/lb**	**February 2021**

As at December 31, 2020, substantially all of the Company's metal sales contracts subject to pricing adjustments were hedged by offsetting derivative contracts.

Zambian VAT

The total VAT receivable accrued by the Company's Zambian operations at December 31, 2020, was $349 million, of which $178 million relates to Kansanshi.

Offsets of $110 million against other taxes due have been granted and cash recoveries of $1 million were received during the year ended December 31, 2020. In the year-ended December 31, 2019, offsets of $8 million were granted and cash recoveries of $3 million received. Future recoveries of Zambian VAT receivable balances due to the Company may be received in cash, offset of other tax liabilities or similar forms.

The Company considers that the outstanding VAT claims are fully recoverable and has reclassified all VAT balances due to the Zambian operations as noncurrent. The Minister of Finance has reaffirmed that the Government of the Republic of Zambia ("GRZ") remains committed to settling outstanding VAT claims and the Company continues to engage in regular discussions with the relevant government authorities.

An $80 million credit adjustment for Zambian VAT receipts was recognized, representing the expected phasing of receipts, and the impact of foreign exchange, using a ZMW risk-free rate. A charge of $182 million had previously been recognized in the twelve months ended December 31, 2019. An unrealized foreign exchange loss of $137 million has been recognized against the receivable in the year ended December 31, 2020.

ZAMBIAN VAT

	December 31, 2020	December 31, 2019
Receivable at date of claim	**855**	847
Impact of depreciation of Zambian Kwacha against U.S. dollar	**(379)**	(242)
	476	605
Adjustment for expected phasing of Zambian VAT receipts	**(127)**	(207)
Total VAT receivable from Zambian operations	**349**	398
Consisting:		
Current portion, included within trade and other receivables	**–**	2
Non-current VAT receivable	**349**	396

AGING ANALYSIS OF VAT RECEIVABLE FOR THE COMPANY'S ZAMBIAN OPERATIONS

	< 1 year	**1-3 years**	**3-5 years**	**5-8 years**	**Total**
Receivable at date of claim	**167**	**373**	**107**	**208**	**855**
Impact of depreciation of Zambian Kwacha against U.S. dollar	**(24)**	**(154)**	**(59)**	**(142)**	**(379)**
Non-current VAT due	**143**	**219**	**48**	**66**	**476**
Adjustment for expected phasing of Zambian VAT receipts	**(36)**	**(60)**	**(13)**	**(18)**	**(127)**
Total VAT receivable from Zambian operations	**107**	**159**	**35**	**48**	**349**

Changes to Zambian VAT regime

Following the 2021 National Budget, presented on September 25 2020, the Government of the Republic of Zambia ("GRZ") has enacted the proposed changes into law, with effect from January 1, 2021. There were no material changes to the mining tax and royalty regimes announced. Mineral royalties continue to be non-deductible for tax, and tax rates remain unchanged.

Two previously unannounced changes were introduced by statutory instruments. Firstly, a zero rating order for VAT on petrol and diesel, to reduce the VAT charged to 0%, previously charged at a rate of 16%. Secondly, the excise duty on petrol and diesel was suspended from January 15, 2021, until October 1, 2021. The Energy Regulation Board has also communicated increases of other tariffs charged on fuel. Overall, these changes do not appear to have a material impact on the overall cost of fuel, however, the Company is continuing to refine its assessment of the estimated impact of the proposed changes.

On March 27, 2020, changes to the Zambian tax regime were announced by the Minister of Finance, as part of the tax relief provisions in the statement on the impact of COVID-19 on the Zambian economy. These proposed changes include partial removal of the provisions introduced in January 2020 that deny claims of VAT on office costs, lubricants and spare parts. In addition to the changes in the Zambian VAT regime, the suspension of export duties, currently at a rate of 15%, on precious metals such as gold was also announced with the changes being enacted into law on April 27, 2020. The impact of the 2020 Budget changes on Group C1 and AISC was previously estimated at approximately $0.04 per lb. With the recent COVID-19 changes the revised estimated impact of the 2020 Budget changes on Group C1 and AISC is approximately $0.03 per lb.

Pre-February 2015 VAT Receivable

In February 2015, the GRZ implemented a change in the Statutory Instrument regarding VAT on exports from Zambia. Claims totalling ZMW 1,387 million (currently equivalent to $66 million) made by Kansanshi prior to this date remain outstanding. ZMW 357 million (currently equivalent to $17 million) of the VAT refunds for this period remain under dispute, stemming from the application of discretionary rules established and applied by the Zambia Revenue Authority. The Company is in regular discussions with the relevant government authorities and continues to consider that the outstanding claims are fully recoverable. ZMW 122 million (currently equivalent to $6 million) of offsets received in the fourth quarter of 2020 were allocated to pre February 2015 outstanding refunds. Cash and offsets totalling ZMW 3,379 million (equivalent to $299 million, based on the receivable value at date of claim) have been received to date for claims subsequent to February 2015 by Kansanshi.

EQUITY

At the date of this report, the Company had 690,316,773 shares outstanding.

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 Resources Corporation ("KORES") 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. Consideration of $100 million was paid in the year ended December 31, 2020 (year ended December 31, 2019: $100 million). The remaining consideration is payable in November 2021 and included within trade and other payables.

A $544 million investment in the joint venture representing the discounted consideration value and the Company's proportionate share of the loss in KPMC to date. For the year ended December 31, 2020, the loss attributable to KPMC was $90 million (December 31, 2019: $22 million). The loss in KPMC relates to the 20% equity accounted share of loss reported by MPSA, a subsidiary of the Company. The material assets and liabilities of KPMC are an investment in MPSA of $269 million, shareholder loans receivable from the Company and shareholder loans payable of $1,327 million due to the Company and its joint venture partner KORES.

At December 31, 2020, the Company's subsidiary, Minera Panama SA., owed to KPMC $1,327 million (December 31, 2019: $1,238 million and December 31, 2018: $946 million). Interest is accrued at an annual interest rate of 9%, unpaid interest is capitalized to the outstanding loan on a semi-annual basis. The loan matures on June 30, 2029.

PRECIOUS METAL STREAM ARRANGEMENT

Arrangement overview

The Company, through its subsidiary, MPSA, has a precious metal streaming arrangement with Franco-Nevada. The arrangement comprises two tranches. Under the first phase of deliveries under the first tranche ("Tranche 1") Cobre Panama will supply Franco-Nevada 120 ounces of gold and 1,376 ounces of silver for each 1 million pounds of copper produced, deliverable within 5 days of eligible copper concentrate sales. Under the first phase of deliveries under the second tranche ("Tranche 2") Cobre Panama will supply Franco-Nevada a further 30 ounces of gold and 344 ounces of silver for each 1 million pounds of copper produced, deliverable within 5 days of eligible copper concentrate sales.

Tranche 1 was amended and restated on October 5, 2015, which provided for $1 billion of funding to the Cobre Panama project. Under the terms of Tranche 1, Franco-Nevada, through a wholly owned subsidiary, agreed to provide a $1 billion deposit to be funded on a pro-rata basis of 1:3 with the Company's 80% share of the capital costs of Cobre Panama in excess of $1 billion. The full Tranche 1 deposit amount has been fully funded to MPSA. Tranche 2 was finalized on March 16, 2018, and $356 million was received on completion. Proceeds received under the terms of the precious metal streaming arrangement are accounted for as deferred revenue.

In all cases, the amount paid is not to exceed the prevailing market price per ounce of gold and silver.

The Company commenced the recognition of delivery obligations under the terms of the arrangement in September 2019 following the first sale of copper concentrate. Deferred revenue will continue to be recognized as revenue over the life of the mine, which is expected to be 34 years. The amount of precious metals deliverable under both tranches is indexed to total copper-in-concentrate sold by Cobre Panama.

GOLD STREAM

	Tranche 1	Tranche 2
Delivered (oz)	**0 to 808,000**	**0 to 202,000**
Delivery terms	**120 oz of gold per one million pounds of copper**	**30 oz of gold per one million pounds of copper**
Threshold	**First 1,341,000 oz**	**First 604,000 oz**
Ongoing cash payment	**$437.37/oz (+1.5% inflation)**	**20% market price**

SILVER STREAM

	Tranche 1	Tranche 2
Delivered (oz)	**0 to 9,842,000**	**0 to 2,460,500**
Delivery terms	**1,376 oz of silver per one million pounds of copper**	**344 oz of silver per one million pounds of copper**
Threshold	**First 21,510,000 oz**	**First 9,618,000 oz**
Ongoing cash payment	**$6.56/oz (+1.5% inflation)**	**20% market price**

Under the first threshold of deliveries, the above Tranche 1 ongoing cash payment terms are for approximately the first 20 years of expected deliveries, thereafter the greater of $437.37 per oz for gold and $6.56 per oz for silver, subject to an adjustment for inflation, and one half of the then prevailing market price. Under the first threshold of deliveries, the above Tranche 2 ongoing cash payment terms are for approximately the first 25 years of production, and thereafter the ongoing cash payment per ounce rises to 50% of the spot price of gold and silver.

Accounting

Gold and silver produced by the mine, either contained in copper concentrate or in doré form, are sold to off-takers and revenue recognized accordingly. 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.

Gold and silver revenues recognized under the terms of the precious metal streaming arrangement are indexed to copper sold from the Cobre Panama mine, and not gold or silver production. Gold and silver revenues recognized in relation to the precious metal streaming arrangement comprise two principal elements;

- the non-cash amortization of the deferred revenue balance,
- the ongoing cash payments received, as outlined in the above section.

Obligations under the precious metal streaming arrangement are satisfied with the purchase of refinery-backed gold and silver credits, the cost of which is recognized within cost of sales. Refinery-backed credits purchased and delivered are excluded from the gold and silver sales volumes disclosed and realized price calculations.

C1 and AISC include the impact of by-product credits which include both gold and silver revenues earned under the precious metal stream arrangement and revenues earned on the sales of mine production of gold and silver. Also included is the cost of refinery-backed gold and silver credits, purchased at market price, to give a net gold and silver by-product credit.

	Q4 2020	Q3 2020	Q4 2019	**2020**	2019
Gold and silver revenue – cash	**9**	8	9	**31**	12
Gold and silver revenue – non cash amortization	**15**	15	17	**56**	24
Total gold and silver revenues – precious metal stream	**24**	23	26	**87**	36
Cost of refinery-backed credits for precious metal stream included in cost of sales	**(39)**	(38)	(33)	**(129)**	(44)

MATERIAL LEGAL PROCEEDINGS

Panama constitutional proceedings

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

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 mining 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 mining 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 MPSA mining 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 MPSA mining 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, which remains subject to various procedural processes, the Company notes the following:

- The ruling is not yet in effect.
- 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 has 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 mining concession contract.

Subsequently, MPSA has submitted filings to the Supreme Court for ruling, which it has accepted, 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 while the Company seeks to clarify the legal position. (The MICI release is available at www.twitter.com/MICIPMA/status/1044915730209222657).

The current Government of Panama, inaugurated on July 1, 2019, has established a multidisciplinary high-level 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. Based on support from the Government of Panama, the Chamber of Commerce and Industries of Panama, the Panamanian Mining Chamber, other Panamanian business and industry chambers and its legal advice, the Company is confident of resolving the Law 9 matter in the near-medium term.

Zambian power

In June 2018, without any warning, ZESCO reduced power supply to the Kansanshi operation. The reduction was due to Kansanshi and Sentinel's rejection of ZESCO's demand for payment of higher tariffs, contrary to the existing contractual agreements between the parties.

On June 26, 2018, Kansanshi sought an injunction against ZESCO before the English courts, as the contracts on tariff are governed by English law. On June 28, 2018, ZESCO resisted the application and requested an extension to respond. On July 6, 2018, the Court awarded Kansanshi's request by way of a sanctioned consent order ("Order") which requires ZESCO to restore the full capacity as demanded by Kansanshi. In turn, Kansanshi is required to deposit the difference between the contractual tariff and the disputed higher tariff into a segregated account until an arbitration between Kansanshi and ZESCO on these facts are concluded. The Order continues to apply as ZESCO is restrained from making any reductions without incurring further sanction from the Court.

On August 22, 2018, Kansanshi served on ZESCO a Notice of Arbitration in respect of these facts. A procedural timetable of the arbitration has been agreed, with the merits hearing set for June 2020. Pursuant to the Procedural Order, Kansanshi has submitted its Statement of Claim and ZESCO has submitted its response and the parties have exchanged evidence. Following exchange of documents, witness statements were submitted on January 31, 2020. Due to the COVID-19 global pandemic the hearing, originally scheduled for the week of June 15, 2020 was rescheduled for the week of February 15, 2021. Kansanshi continues to be supported by the English Court Order against reductions in power supply until the arbitration dispute is resolved. Due to the continuing COVID-19 restrictions, the hearing has again been rescheduled for July 2021 in London.

Despite this dispute, the Company's operations generally maintain a constructive relationship with ZESCO, particularly with regards to the management of technical and supply issues. Operational and technical dialogue between the parties is expected to continue in the normal course.

Kansanshi minority partner

In October 2016, the Company, through its subsidiary Kansanshi Holdings Limited, received a Notice of Arbitration from ZCCM International Holdings PLC ("ZCCM") under the Kansanshi Mining PLC ("KMP") Shareholders Agreement. ZCCM is a 20% shareholder in KMP and filed the Notice of Arbitration against Kansanshi Holdings Limited ("KHL"), the 80% shareholder, and against KMP. The Company also received a Statement of Claim filed in the Lusaka High Court naming additional defendants, including the Company, and certain directors and an executive of the named corporate defendants. Aside from the parties, the allegations made in the Notice of Arbitration and the High Court for Zambia were the same. The Company is firmly of the view that the allegations are in their nature inflammatory, vexatious and untrue.

The dispute was stated as a request for a derivative action, requiring ZCCM to obtain permission to proceed in each forum of the Arbitration and the Lusaka High Court. The dispute arose from facts originating in 2007, and concerned the rate of interest paid on select deposits by KMP with the Company. The deposits were primarily retained for planned investment by KMP in Zambia. In particular, KMP deposits were used to fund a major investment program at Kansanshi, including the successful construction and commissioning of the Kansanshi smelter and expansion of the processing plant and mining operations. The entirety of the deposit sums has been paid down from the Company to KMP, with interest. The interest was based on an assessment of an arm's length fair market rate, which is supported by independent third-party analysis. ZCCM disputed that interest rate paid to KMP on the deposits was sufficient.

In July 2019, the Arbitral Tribunal issued a final award in favour of KMP. The parties have reached an agreement on costs, in total exceeding US$1 million payable by ZCCM, bringing this particular matter to an end.

In parallel, several preliminary procedural applications to dismiss the High Court Action were lodged on behalf of the Company, and other defendants, in the Lusaka High Court. By a decision dated January 25, 2018, the Lusaka High Court used its discretion to rectify ZCCM's procedural errors. The Court granted leave to the Company, FQM Finance, a wholly-owned subsidiary of the Company, and the individual defendants to appeal against this decision and the litigants have agreed to a stay pending the appeal. The appeal hearing took place on November 21, 2018, with submissions made by all parties. The Court of Appeal delivered judgment on January 11, 2019, dismissing the appeal. An appeal to the Supreme Court of Zambia was heard on April 24, 2019, and has been dismissed. The High Court was scheduled to resume hearing two further procedural applications, including whether ZCCM is allowed to maintain the derivative action. However, before these hearings could take place the defendants brought an application requesting dismissal of the case on grounds of abuse of process/ res judicata, on the basis that the action cannot be allowed to continue for risk of producing conflicting judgment from the London arbitration, which has already adjudicated the facts of this particular complaint. ZCCM objected to the defendants' application. ZCCM also tried to bring an application to set aside the registration of the Arbitral award in Zambia. The defendants' resisted this application. Both applications had an oral hearing in October 2019.

However, after the October 2019 hearing, ZCCM pursued a challenge to the registration of the Arbitral Award on grounds that it was not enforceable because it had complied with the costs payment order of the Arbitral Award. KMP opposed ZCCM's challenge and made submissions to the Registrar that an Arbitration Award is eligible for registration despite compliance with costs orders. On February 13, 2020, the Registrar accepted KMP's position and dismissed ZCCM's challenge to the registration of the Arbitration Award. Accordingly, the Lusaka High Court proceeded to rule on the abuse of process application. By way of a ruling dated March 23, 2020, the Lusaka High Court agreed with KMP's application that the process, if it were to be allowed to continue before it, would risk conflicting judgments and would be res judicata. Accordingly, ZCCM's derivative action case was dismissed, with costs awarded to KMP against ZCCM. On April 6, 2020, ZCCM sought permission to appeal to the Court of Appeal on grounds that the High Court judge erred in fact and in law. KMP objects to the appeal, and the matter remains pending. The Court of Appeal has delivered its judgment on January 13, 2021, dismissing all grounds of appeal with the exception of one ground raised by the ZCCM-IH and awarded costs to the defendants. With regards to the remaining ground, the Court of Appeal held that the determination of this ground of appeal would be inconsequential as the matter should have been determined earlier than now and is therefore now moot. On February 9, 2021, ZCCM sought leave to appeal the decision of the Court of Appeal to the Supreme Court of Zambia. The defendants challenge the leave application.

In addition, on November 11, 2019, Kansanshi Holding Ltd (KHL) filed a UNCITRAL Rules based Request for Arbitration against ZCCM and KMP (as Nominal Respondent) in connection with a Cash Management Services Agreement dated August 19, 2019. KHL seeks a declaration that the CMSA is an arm's length contract. The CMSA provides for cash management services whereby KMP would deposit with the Group's treasury subsidiary certain of its cash balances for management by FQML's treasury function. All cash managed and deposited is callable on demand by KMP and attracts commercial interest rates. Under the shareholder agreement between the Group and ZCCM, related party transactions are required to be on arm's length basis. This arbitration was held virtually in a hearing between October 19 to 23, 2020. On February 15, 2021, the Tribunal issued a Partial Final Award regarding contractual requirements for arm's length transactions. The partial decision is being reviewed and the parties await the Tribunal's subsequent directions in respect of the remaining issues.

Kansanshi development agreement

On May 19, 2020, KMP filed a Request for Arbitration against the Government of the Republic of Zambia ("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 consisted and has held its first Case Management Conference, setting the hearing date for the adjudication of the merits for March 14 to 18, 2022. KMP submitted its Memorial and corresponding documents on January 25, 2021.

REGULATORY DISCLOSURES

Seasonality

The Company's results as discussed in this MD&A are subject to seasonal aspects, in particular the wet season in Zambia. 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.

Off-balance sheet arrangements

The Company had no off-balance sheet arrangements as of the date of this report.

Non-GAAP financial measures

This document refers to cash cost (C1), all-in sustaining cost (AISC) and total cost (C3) per unit of payable production, operating cash flow per share, realized metal prices, comparative EBITDA, net debt and comparative earnings, which are not measures recognized under IFRS, do not have a standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other issuers. These measures are used internally by management in measuring the performance of the Company's operations and serve to provide additional information and should not be considered in isolation to measures prepared under IFRS.

C1, AISC and C3 are measures based on production and sales volumes for which there is no directly comparable measure under IFRS, though a reconciliation from the cost of sales, as stated in the Company's financial statements, and which should be read in conjunction with this Management Discussion and Analysis, to C1, AISC and C3 can be found on the following pages. These reconciliations set out the components of each of these measures in relation to the cost of sales for the Company as per the consolidated financial statements.

The calculation of these measures is described below, and may differ from those used by other issuers. The Company discloses these measures in order to provide assistance in understanding the results of the operations and to provide additional information to investors.

Calculation of cash cost, all-in sustaining cost, total cost, sustaining capital expenditure and deferred stripping costs capitalized

The consolidated cash cost (C1), all-in sustaining cost (AISC) and total cost (C3) presented by the Company are measures that are prepared on a basis consistent with the industry standard definitions but are not measures recognized under IFRS. In calculating the C1 cash cost, AISC and C3 total cost for each segment, the costs are measured on the same basis as the segmented financial information that is contained in the financial statements.

C1 cash cost includes all mining and processing costs less any profits from by-products such as gold, silver, zinc, pyrite, cobalt, sulphuric acid, or iron magnetite and is used by management to evaluate operating performance. 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.

AISC is defined as cash cost (C1) plus general and administrative expenses, sustaining capital expenditure, deferred stripping, royalties and lease payments and is used by management to evaluate performance inclusive of sustaining expenditure required to maintain current production levels.

C3 total cost is defined as AISC less sustaining capital expenditure, deferred stripping and general and administrative expenses net of insurance, plus depreciation and exploration. This metric is used by management to evaluate the operating performance inclusive of costs not classified as sustaining in nature such as exploration and depreciation.

Sustaining capital expenditure is defined as capital expenditure during the production phase, incurred to sustain and maintain the existing assets to achieve constant planned levels of production, from which future economic benefits will be derived. This includes expenditure for assets to retain their existing productive capacity, and to enhance assets to minimum reliability, environmental and safety standards.

Deferred stripping costs capitalized are defined as waste material stripping costs in excess of the strip ratio, for the production phase, and from which future economic benefits will be derived from future access to ore. Deferred stripping costs are capitalized to the mineral property, and will be depreciated on a units-of-production basis.

	Q4 2020	Q3 2020	Q4 2019	**2020**	2019
Purchase and deposits on property, plant and equipment	**172**	138	325	**610**	1,455
Sustaining capital expenditure and deferred stripping	**100**	84	123	**322**	412
Project capital expenditure	**72**	54	202	**288**	1,134
Pre-commercial costs	**–**	–	–	**–**	(91)
Total capital expenditure	**172**	138	325	**610**	1,455

The following tables provide a reconciliation of C1, C3 and AISC to the consolidated financial statements:

For the three months ended December 31, 2020	Cobre Panama	Kansanshi	Sentinel	Las Cruces	Guelb Moghrein	Çayeli	Pyhäsalmi	Copper	Corporate & other	Ravens-thorpe	Total
Cost of sales [1]	**(347)**	**(255)**	**(332)**	**(81)**	**(46)**	**(12)**	**(9)**	**(1,082)**	**(8)**	**(68)**	**(1,158)**
Adjustments:											
Depreciation	107	60	90	48	9	3	1	**318**	–	8	**326**
By-product credits	78	54	–	–	37	3	5	**177**	–	4	**181**
Royalties	9	30	45	1	4	1	–	**90**	–	3	**93**
Treatment and refining charges	(24)	(6)	(17)	–	(3)	(1)	(1)	**(52)**	–	–	**(52)**
Freight costs	(1)	–	(18)	–	–	(1)	–	**(20)**	–	–	**(20)**
Finished goods	(12)	(1)	26	(1)	–	(2)	–	**10**	–	(2)	**8**
Other	3	4	1	(2)	(3)	1	1	**5**	8	1	**14**
Cash cost (C1)	(187)	(114)	(205)	(35)	(2)	(8)	(3)	**(554)**	–	(54)	**(608)**
Adjustments:											
Depreciation (excluding depreciation in finished goods)	(110)	(57)	(75)	(49)	(11)	(3)	(1)	**(306)**	–	(9)	**(315)**
Royalties	(9)	(30)	(45)	(1)	(4)	(1)	–	**(90)**	–	(3)	**(93)**
Other	(3)	(3)	(2)	1	1	1	(1)	**(6)**	–	(1)	**(7)**
Total cost (C3)	(309)	(204)	(327)	(84)	(16)	(11)	(5)	**(956)**	–	(67)	**(1,023)**
Cash cost (C1)	(187)	(114)	(205)	(35)	(2)	(8)	(3)	**(554)**	–	(54)	**(608)**
Adjustments:											
General and administrative expenses	(8)	(5)	(10)	(3)	1	–	–	**(25)**	–	(3)	**(28)**
Sustaining capital expenditure and deferred stripping	(35)	(29)	(34)	–	(1)	(1)	–	**(100)**	–	–	**(100)**
Royalties	(9)	(30)	(45)	(1)	(4)	(1)	–	**(90)**	–	(3)	**(93)**
Lease payments	(1)	–	(1)	–	–	–	–	**(2)**	–	(1)	**(3)**
Other	–	(1)	–	–	–	–	–	**(1)**	–	(1)	**(2)**
AISC	(240)	(179)	(295)	(39)	(6)	(10)	(3)	**(772)**	–	(62)	**(834)**
AISC (per lb)	$ 1.72	$ 1.59	$ 2.04	$ 1.70	$ 0.36	$ 1.37	$ 2.21	**$ 1.77**	–	$ 6.09	
Cash cost – (C1) (per lb)	$ 1.34	$ 1.01	$ 1.44	$ 1.56	$ 0.09	$ 0.96	$ 2.06	**$ 1.28**	–	$ 5.39	
Total cost – (C3) (per lb)	$ 2.22	$ 1.81	$ 2.28	$ 3.76	$ 1.07	$ 1.52	$ 2.93	**$ 2.20**	–	$ 6.78	

1 Total cost of sales per the Consolidated Statement of Earnings (Loss) in the Company's annual audited financial statements.

For the year ended December 31, 2020	Cobre Panama	Kansanshi	Sentinel	Las Cruces	Guelb Moghrein	Çayeli	Pyhäsalmi	Copper	Corporate & other	Ravens-thorpe	Total
Cost of sales [1]	**(1,181)**	**(1,075)**	**(990)**	**(345)**	**(197)**	**(58)**	**(38)**	**(3,884)**	**(14)**	**(224)**	**(4,122)**
Adjustments:											
Depreciation	400	247	261	215	40	22	5	**1,190**	3	24	**1,217**
By-product credits	253	229	–	–	139	10	20	**651**	–	8	**659**
Royalties	24	111	112	5	9	2	–	**263**	–	7	**270**
Treatment and refining charges	(79)	(34)	(48)	–	(13)	(5)	(3)	**(182)**	–	–	**(182)**
Freight costs	(4)	(11)	(40)	(1)	–	(4)	–	**(60)**	–	–	**(60)**
Finished goods	–	13	(18)	–	1	(3)	1	**(6)**	–	(2)	**(8)**
Other	18	6	(11)	1	1	1	1	**17**	11	58[2]	**86**
Cash cost (C1)	(569)	(514)	(734)	(125)	(20)	(35)	(14)	**(2,011)**	–	(129)	**(2,140)**
Adjustments:											
Depreciation (excluding depreciation in finished goods)	(400)	(246)	(270)	(215)	(40)	(23)	(5)	**(1,199)**	–	(25)	**(1,224)**
Royalties	(24)	(111)	(112)	(5)	(9)	(2)	–	**(263)**	–	(7)	**(270)**
Other	(10)	(11)	(6)	–	(1)	1	–	**(27)**	–	(2)	**(29)**
Total cost (C3)	(1,003)	(882)	(1,122)	(345)	(70)	(59)	(19)	**(3,500)**	–	(163)	**(3,663)**
Cash cost (C1)	(569)	(514)	(734)	(125)	(20)	(35)	(14)	**(2,011)**	–	(129)	**(2,140)**
Adjustments:											
General and administrative expenses	(26)	(24)	(34)	(7)	(1)	(1)	–	**(93)**	–	(6)	**(99)**
Sustaining capital expenditure and deferred stripping	(74)	(105)	(126)	–	(10)	(4)	–	**(319)**	–	(3)	**(322)**
Royalties	(24)	(111)	(112)	(5)	(9)	(2)	–	**(263)**	–	(7)	**(270)**
Lease payments	(3)	(3)	(2)	(1)	–	–	–	**(9)**	–	(1)	**(10)**
Other	–	(2)	–	–	–	–	–	**(2)**	–	(1)	**(3)**
AISC	(696)	(759)	(1,008)	(138)	(40)	(42)	(14)	**(2,697)**	–	(147)	**(2,844)**
AISC (per lb)	$ 1.60	$ 1.60	$ 1.92	$ 1.15	$ 0.70	$ 1.53	$ 1.55	**$ 1.63**	–	$ 6.46	
Cash cost – (C1) (per lb)	$ 1.31	$ 1.09	$ 1.40	$ 1.05	$ 0.38	$ 1.24	$ 1.48	**$ 1.21**	–	$ 5.72	
Total cost – (C3) (per lb)	$ 2.30	$ 1.86	$ 2.14	$ 2.88	$ 1.20	$ 2.14	$ 2.03	**$ 2.11**	–	$ 7.19	

1 Total cost of sales per the Consolidated Statement of Earnings (Loss) in the Company's annual audited financial statements.

2 Includes restart costs at Ravensthorpe.

For the three months ended December 31, 2019	Kansanshi	Sentinel	Cobre Panama	Las Cruces	Guelb Moghrein	Çayeli	Pyhäsalmi	Copper	Corporate & other	Ravens-thorpe	Total
Cost of sales [1]	**(329)**	**(256)**	**(258)**	**(90)**	**(41)**	**(21)**	**(12)**	**(1,007)**	**–**	**(18)**	**(1,025)**
Adjustments:											
Depreciation	70	62	81	61	7	6	1	**288**	–	2	**290**
By-product credits	71	–	61	–	20	6	7	**165**	–	–	**165**
Royalties	29	22	6	1	2	1	–	**61**	–	–	**61**
Treatment and refining charges	(11)	(15)	(23)	–	(4)	(3)	(2)	**(58)**	–	–	**(58)**
Freight costs	1	(10)	(2)	(1)	–	(2)	–	**(14)**	–	–	**(14)**
Finished goods	39	2	(29)	(2)	(4)	3	1	**10**	–	–	**10**
Other	2	9	4	3	–	(1)	(2)	**15**	–	16	**31**
Cash cost (C1)	(128)	(186)	(160)	(28)	(20)	(11)	(7)	**(540)**	–	–	**(540)**
Adjustments:											
Depreciation (excluding depreciation in finished goods)	(59)	(59)	(96)	(64)	(10)	(4)	–	**(292)**	–	(2)	**(294)**
Royalties	(29)	(22)	(6)	(1)	(2)	(1)	–	**(61)**	–	–	**(61)**
Other	(3)	(1)	(4)	(2)	(1)	–	–	**(11)**	–	–	**(11)**
Total cost (C3)	(219)	(268)	(266)	(95)	(33)	(16)	(7)	**(904)**	–	(2)	**(906)**
Cash cost (C1)	(128)	(186)	(160)	(28)	(20)	(11)	(7)	**(540)**	–	–	**(540)**
Adjustments:											
General and administrative expenses	(6)	(9)	(7)	(2)	(1)	–	–	**(25)**	–	–	**(25)**
Sustaining capital expenditure and deferred stripping	(29)	(26)	(58)	(4)	(3)	(3)	–	**(123)**	–	–	**(123)**
Royalties	(29)	(22)	(6)	(1)	(2)	(1)	–	**(61)**	–	–	**(61)**
Lease payments	(1)	(1)	(1)	–	–	–	–	**(3)**	–	–	**(3)**
AISC	(193)	(244)	(232)	(35)	(26)	(15)	(7)	**(752)**	–	–	**(752)**
AISC (per lb)	$ 1.48	$ 2.22	$ 1.85	$ 0.91	$ 1.37	$ 1.51	$ 2.11	**$ 1.73**	–	–	
Cash cost – (C1) (per lb)	$ 1.03	$ 1.71	$ 1.28	$ 0.73	$ 0.98	$ 1.11	$ 2.02	**$ 1.24**	–	–	
Total cost – (C3) (per lb)	$ 1.68	$ 2.45	$ 2.12	$ 2.43	$ 1.78	$ 1.60	$ 2.17	**$ 2.07**	–	–	

1 Total cost of sales per the Consolidated Statement of Earnings (Loss) in the Company's annual audited financial statements.

For the year ended December 31, 2019	Kansanshi[1]	Sentinel	Cobre Panama	Las Cruces	Guelb Moghrein	Çayeli	Pyhäsalmi	Copper	Corporate & other	Ravens-thorpe	Total
Cost of sales[2]	**(1,109)**	**(1,023)**	**(432)**	**(329)**	**(198)**	**(73)**	**(66)**	**(3,230)**	**(9)**	**(38)**	**(3,277)**
Adjustments:											
Depreciation	244	252	113	198	44	27	21	**899**	2	6	**907**
By-product credits	218	–	93	–	98	10	45	**464**	–	–	**464**
Royalties	108	88	9	4	8	2	–	**219**	–	–	**219**
Treatment and refining charges	(38)	(57)	(37)	–	(16)	(10)	(6)	**(164)**	–	–	**(164)**
Freight costs	(3)	(34)	(2)	(1)	–	(6)	(1)	**(47)**	–	–	**(47)**
Finished goods	15	8	34	1	(3)	1	–	**56**	–	–	**56**
Other	7	14	6	3	1	1	–	**32**	7	32	**71**
Cash cost (C1)	(558)	(752)	(216)	(124)	(66)	(48)	(7)	**(1,771)**	–	–	**(1,771)**
Adjustments:											
Depreciation (excluding depreciation in finished goods)	(240)	(250)	(131)	(198)	(44)	(26)	(21)	**(910)**	–	(6)	**(916)**
Royalties	(108)	(88)	(9)	(4)	(8)	(2)	–	**(219)**	–	–	**(219)**
Other	(7)	(5)	(6)	(2)	(2)	–	–	**(22)**	–	–	**(22)**
Total cost (C3)	(913)	(1,095)	(362)	(328)	(120)	(76)	(28)	**(2,922)**	–	(6)	**(2,928)**
Cash cost (C1)	(558)	(752)	(216)	(124)	(66)	(48)	(7)	**(1,771)**	–	–	**(1,771)**
Adjustments:											
General and administrative expenses	(26)	(35)	(10)	(6)	(3)	(2)	–	**(82)**	–	–	**(82)**
Sustaining capital expenditure and deferred stripping	(124)	(115)	(64)	(8)	(9)	(6)	–	**(326)**	–	–	**(326)**
Royalties	(108)	(88)	(9)	(4)	(8)	(2)	–	**(219)**	–	–	**(219)**
Lease payments	(4)	(3)	(1)	(1)	(2)	–	–	**(11)**	–	–	**(11)**
AISC	(820)	(993)	(300)	(143)	(88)	(58)	(7)	**(2,409)**	–	–	**(2,409)**
AISC (per lb)	$ 1.65	$ 2.12	$ 1.78	$ 1.35	$ 1.36	$ 1.65	$ 0.55	**$ 1.78**	–	–	
Cash cost – (C1) (per lb)	$ 1.13	$ 1.61	$ 1.29	$ 1.17	$ 1.00	$ 1.35	$ 0.51	**$ 1.31**	–	–	
Total cost – (C3) (per lb)	$ 1.84	$ 2.34	$ 2.15	$ 3.08	$ 1.87	$ 2.16	$ 1.77	**$ 2.16**	–	–	

1 C1 cash cost, C3 total cost and AISC exclude third-party concentrate purchased at Kansanshi.

2 Total cost of sales per the Consolidated Statement of Earnings (Loss) in the Company's annual audited financial statements.

Realized metal prices

Realized metal prices are used by the Company to enable management to better evaluate sales revenues in each reporting period. Realized metal prices are calculated as gross metal sales revenues divided by the volume of metal sold in lb. Net realized metal price is inclusive of the treatment and refining charges (TC/RC) and freight charges per lb.

Comparative EBITDA and comparative earnings

Comparative EBITDA and comparative earnings are the Company's adjusted earnings metrics, and are used to evaluate operating performance by management. The Company believes that the comparative metrics presented are useful as the adjusted items do not reflect the underlying operating performance of its current business and are not necessarily indicative of future operating results.

Calculation of operating cash flow per share, net debt, comparative EBITDA and comparative earnings

In calculating the operating cash flow per share, the operating cash flow calculated for IFRS purposes is divided by the basic weighted average common shares outstanding for the respective period.

Net debt comprises unrestricted cash and cash equivalents, bank overdrafts and total debt. Comparative EBITDA, comparative earnings and comparative earnings per share are non-GAAP measures which measure the performance of the Company.

Comparative EBITDA, comparative earnings and comparative earnings per share exclude certain impacts which the Company believes are not reflective of the Company's underlying performance for the reporting period. These include impairment and related charges, foreign exchange revaluation gains and losses, gains and losses on disposal of assets and liabilities, one-time costs related to acquisitions, dispositions, restructuring and other transactions, revisions in estimates of restoration provisions at closed sites, debt extinguishment and modification gains and losses, the tax effect on unrealized movements in the fair value of derivatives designated as hedged instruments, and adjustments for expected phasing of Zambian VAT receipts.

	Q4 2020	Q3 2020	Q4 2019	Q4 2018
Cash and cash equivalents	**950**	942	1,138	1,255
Bank overdraft	**36**	27	615	467
Current debt	**871**	1,774	838	174
Debt	**7,452**	6,686	7,360	7,111
Net debt	**7,409**	7,545	7,675	6,497

	Q4 2020	Q3 2020	Q4 2019	**2020**	2019
Operating profit	**357**	257	69	**695**	474
Depreciation	**326**	323	290	**1,217**	907
Other adjustments					
Impairment charges, write-off of assets and other costs associated with the mine interruption at Las Cruces	**–**	–	99	**–**	112
Foreign exchange loss	**32**	60	47	**225**	96
Other expense	**8**	1	1	**15**	12
Revisions in estimates of restoration provisions at closed sites	**2**	–	5	**–**	8
Total adjustments excluding depreciation	**42**	61	152	**240**	228
Comparative EBITDA	**725**	641	511	**2,152**	1,609

	Q4 2020	Q3 2020	Q4 2019	**2020**	2019
Net earnings (loss) attributable to shareholders of the Company	**9**	29	(115)	**(180)**	(57)
Adjustments attributable to shareholders of the Company:					
Adjustment for expected phasing of Zambian VAT receipts	**(5)**	(16)	22	**(80)**	182
Other, including loss on debt instruments	**8**	–	4	**10**	23
Total adjustments to comparative EBITDA excluding depreciation	**42**	61	152	**240**	228
Tax and minority interest comparative adjustments	**(1)**	(10)	(28)	**(36)**	(127)
Comparative earnings (loss)	**53**	64	35	**(46)**	249
Earnings (loss) per share as reported	**$0.01**	$0.04	($0.17)	**($0.26)**	($0.08)
Comparative earnings (loss) per share	**$0.08**	$0.09	$0.05	**($0.07)**	$0.36

Significant judgments, estimates and assumptions

Many of the amounts disclosed in the financial statements involve the use of judgments, estimates and assumptions. These judgments and estimates are based on management's knowledge of the relevant facts and circumstances at the time, having regard to prior experience, and are continually evaluated.

(i) Significant judgments

Determination of ore reserves and resources

Judgments about the amount of product that can be economically and legally extracted from the Company's properties are made by management using a range of geological, technical and economic factors, history of conversion of mineral deposits to proven and probable reserves as well as data regarding quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates. This process may require complex and difficult geological judgments to interpret the data. The Company uses qualified persons (as defined by the Canadian Securities Administrators' National Instrument 43-101) to compile this data.

Changes in the judgments surrounding proven and probable reserves may impact the carrying value of property, plant and equipment (note 6), restoration provisions included in provisions and other liabilities (note 11), recognition of deferred income tax amounts (note 13) and depreciation (note 6).

Achievement of commercial production

Once a mine or smelter reaches the operating levels intended by management, depreciation of capitalized costs begins. Significant judgment is required to determine when certain of the Company's assets reach this level.

Management considers several factors, including, but not limited to the following:

- completion of a reasonable period of commissioning;
- consistent operating results achieved at a pre-determined level of design capacity and indications exist that this level will continue;
- mineral recoveries at or near expected levels;
- and the transfer of operations from development personnel to operational personnel has been completed.

Taxes

Judgment is required in determining the recognition and measurement of deferred income tax assets and liabilities on the balance sheet. In the normal course of business, the Company is subject to assessment by taxation authorities in various jurisdictions. These authorities may have different interpretations of tax legislation or tax agreements than those applied by the Company in computing current and deferred income taxes. These different judgments may alter the timing or amounts of taxable income or deductions. The final amount of taxes to be paid or recovered depends on a number of factors including the outcome of audits, appeals and negotiation. Amounts to be recovered and the timings of recoveries with respect to indirect taxes, such as VAT, are subject to judgment which, in the instance of a change of circumstances, could result in material adjustments.

The Company operates in a specialized industry and in a number of tax jurisdictions. As a result, its income is subject to various rates of taxation. The breadth of its operations and the global complexity and interpretation of tax regulations require assessment and judgment of uncertainties and of the taxes that the Company will ultimately pay. These are dependent on many factors, including negotiations with tax authorities in various jurisdictions, outcomes of tax litigation and resolution of disputes. The resolution of these uncertainties may result in adjustments to the Company's tax assets and liabilities.

Management assesses the likelihood and timing of taxable earnings in future periods in recognizing deferred income tax assets on unutilized tax losses. Future taxable income is based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. Forecast cash flows are based on life of mine projections.

To the extent that future cash flows and taxable income differ significantly from forecasts, the ability of the Company to realize the net deferred income tax assets recorded at the balance sheet date could be impacted. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods from deferred income tax assets are disclosed in note 13.

Precious metal stream arrangement

On October 5, 2015, the Company finalized an agreement with Franco-Nevada Corporation ("Franco-Nevada") for the delivery of precious metals from the Cobre Panama project. Franco-Nevada have provided $1 billion deposit to the Cobre Panama project against future deliveries of gold and silver produced by the mine. A further stream was completed on March 26, 2018, with an additional $356 million received from Franco-Nevada.

Management has determined that the under the terms of the agreement the Company meets the 'own-use' exemption criteria under *IFRS 9: Financial Instruments.* The Company also retains significant business risk relating to the operation of the mine and as such has accounted for the proceeds received as deferred revenue.

Management has exercised judgment in determining the appropriate accounting treatment for the Franco-Nevada streaming agreement. Management has determined, with reference to the agreed contractual terms in conjunction with the Cobre Panama reserves and mine plan, that funds received from Franco-Nevada constitute a prepayment of revenues deliverable from future Cobre Panama production.

Assessment of impairment indicators

Management applies significant judgment in assessing each cash-generating units and assets for the existence of indicators of impairment at the reporting date. Internal and external factors are considered in assessing whether indicators of impairment are present that would necessitate impairment testing. Significant assumptions regarding commodity prices, production, operating costs, capital expenditures and discount rates are used in determining whether there are any indicators of impairment. These assumptions are reviewed regularly by senior management and compared, where applicable, to relevant market consensus views.

The Company's most significant cash generating units ("CGU") are longer-term assets and therefore their value is assessed on the basis of longer-term pricing assumptions. Shorter-term assets are more sensitive to short term commodity prices assumptions that are used in the review of impairment indicators.

The carrying value of property, plant and equipment and goodwill at the balance sheet date is disclosed in note 6 and note 7 respectively, and by mine location in note 23.

Asset impairments are disclosed in note 20.

Derecognition of financial liabilities

Judgment is required when determining if an exchange of instruments or modification of debt constitute an extinguishment of the original financial liability and establishment of a new financial liability. In 2020, qualitative factors such as new terms and changes to the existing lending group were considered for both the Company's tap issuance in January and for the issuance of $1,500 million 2027 bonds in October (see note 10).

(ii) Significant accounting estimates

Estimates are inherently uncertain and therefore actual results may differ from the amounts included in the financial statements, potentially having a material future effect on the Company's consolidated financial statements. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Determination of ore reserves and life of mine plan

Reserves are estimates of the amount of product that can be economically and legally extracted from the Company's properties. Estimating the quantity and/or grade of reserves requires the size, shape and depth of ore bodies or fields to be determined by analyzing geological data such as drilling samples. Following this, the quantity of ore that can be extracted in an economical manner is calculated using data regarding the life of mine plans and forecast sales prices (based on current and long-term historical average price trends).

The majority of the Company's property, plant and equipment are depreciated over the estimated lives of the assets on a units-of-production basis. The calculation of the units-of-production rate, and therefore the annual depreciation expense could be materially affected by changes in the underlying estimates which are driven by the life of mine plans.

Changes in estimates can be the result of actual future production differing from current forecasts of future production, expansion of mineral reserves through exploration activities, differences between estimated and actual costs of mining and differences in the commodity prices used in the estimation of mineral reserves.

Management made significant estimates of the strip ratio for each production phase. Waste material stripping costs in excess of this ratio, and from which future economic benefit will be derived from future access to ore, will be capitalized to mineral property and depreciated on a units-of-production basis.

Changes in the proven and probable reserves estimates may impact the carrying value of property, plant and equipment (note 6), restoration provisions (note 11), recognition of deferred income tax amounts (note 13) and depreciation (note 6).

Review of asset carrying values and impairment charges

The Company reviews the carrying value of assets each reporting period to determine whether there is any indication of impairment using both internal and external sources of information. The Company has determined that each mining operation and smelter is a CGU.

External sources of information regarding indications of impairment include considering the changes in market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amount of, or the timing of economic benefits from mining assets. Internal sources of information include changes to the life of mine plans and economic performance of the assets.

Management's determination of recoverable amounts includes estimates of mineral prices, recoverable reserves, and operating, capital and restoration costs are subject to certain risks and uncertainties that may affect the recoverability of mineral property costs. The calculation of the recoverable amount can also include assumptions regarding the appropriate discount rate and inflation and exchange rates. Although management has made its best estimate of these factors, it is possible that changes could occur in the near term that could adversely affect management's estimate of the net cash flow to be generated from its projects.

Estimation of the amount and timing of restoration and remediation costs

Accounting for restoration provisions requires management to make estimates of the future costs the Company will incur to complete the restoration and remediation work required to comply with existing laws, regulations and agreements in place at each mining operation and any environmental and social principles the Company is in compliance with. The calculation of the present value of these costs also includes assumptions regarding the timing of restoration and remediation work, applicable risk-free interest rate for discounting those future cash outflows, inflation and foreign exchange rates and assumptions relating to probabilities of alternative estimates of future cash outflows. Actual costs incurred may differ from those amounts estimated. Also, future changes to environmental laws and regulations could increase the extent of restoration work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for restoration. A 10% increase in costs would result in an increase to restoration provisions of $81 million at December 31, 2020.

The provision represents management's best estimate of the present value of the future restoration and remediation costs. The actual future expenditures may differ from the amounts currently provided; any increase in future costs could materially impact the amounts included in the liability disclosed in the consolidated balance sheet. The carrying amount of the Company's restoration provision is disclosed in note 11c.

Estimation and assumptions relating to the timing of VAT receivables in Zambia

In addition to the recoverability of VAT receivables being a key judgment, certain assumptions are determined by management in calculating the present value of these recoveries regarding the timing of recoveries. In assessing the timing of recoveries, management considers publicly available information with respect to the fiscal situation in Zambia as well as the level of refunds and offsets provided historically, and a Zambian risk-free rate is then applied to calculate the valuation to calculate the present value. Changes to the timings could materially impact the amounts charged to finance costs. The impact of repayments being one year later than estimated at December 31, 2020, would lead to a decrease to the carrying value and an increase to finance costs of $36 million. The carrying amount of the Company's VAT receivables is disclosed in note 4b.

Financial risk management

Credit risk

The Company's credit risk is primarily attributable to cash and bank balances, short-term deposits, derivative instruments and trade and other receivables. The Company's exposure to credit risk is represented by the carrying amount of each class of financial assets, including commodity contracts, recorded in the consolidated balance sheet.

The Company limits its credit exposure on cash held in bank accounts by holding its key transactional bank accounts with highly rated financial institutions. The Company manages its credit risk on short-term deposits by only investing with counterparties that carry investment grade ratings as assessed by external rating agencies and spreading the investments across these counterparties. Under the Company's risk management policy, allowable counterparty exposure limits are determined by the level of the rating unless exceptional circumstances apply. A rating of investment grade or equivalent is the minimum allowable rating required as assessed by international credit rating agencies. Likewise, it is the Company's policy to deal with banking counterparties for derivatives who are rated investment grade or above by international credit rating agencies and graduated counterparty limits are applied depending upon the rating.

Exceptions to the policy for dealing with relationship banks with ratings below investment grade are reported to, and approved by, the Audit Committee. As at December 31, 2020, substantially all cash and short-term deposits are with counterparties of investment grade.

The Company's credit risk associated with trade accounts receivable is managed through establishing long-term contractual relationships with international trading companies using industry-standard contract terms. 33% of the Company's trade receivables are outstanding from three customers together representing 27% of the total sales for the year. No amounts were past due from these customers at the balance sheet date. The Company continues to trade with these customers. Revenues earned from these customers are included within the Kansanshi, Sentinel, Panama and Çayeli segments. Other accounts receivable consist of amounts owing from government authorities in relation to the refund of value-added taxes applying to inputs for the production process and property, plant and equipment expenditures, prepaid taxes and amounts held in broker accounts.

Liquidity risk

The Company manages liquidity risk by maintaining cash and cash equivalent balances and available credit facilities to ensure that it is able to meet its short-term and long-term obligations as and when they fall due. Company-wide cash projections are managed centrally and regularly updated to reflect the dynamic nature of the business and fluctuations caused by commodity price and exchange rate movements.

In addition, the Company was obligated under its corporate revolving credit and term loan facility to maintain liquidity and satisfy various covenant ratio tests on a historical cash flow basis. These ratios were in compliance during the year ended December 31, 2020, and December 31, 2019. If the Company breaches a covenant in its Financing Agreements, this would be an event of default which, if un-addressed, would entitle the lenders to make the related borrowings immediately due and payable and if made immediately due and payable all other borrowings would also be due and payable.

The VAT receivable due from government authorities includes $349 million at December 31, 2020, which is past due (December 31, 2019: $396 million). See note 4c.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Company's maximum exposure to credit risk. Expected credit losses on trade and other receivables at December 31, 2020, amount to nil.

Market risks

Commodity price risk

The Company is subject to commodity price risk from fluctuations in the market prices of copper, gold, nickel, zinc and other elements.

As part of the hedging program, the Company has elected to apply hedge accounting for a portion of copper and nickel sales. For the year ended December 31, 2020, a fair value loss of $401 million (2019: fair value gain of $8 million) has been recognized on derivatives designated as hedged instruments through accumulated other comprehensive income and a fair value loss of $48 million (2019: fair value gain of $44 million) has been recognized through sales revenues.

For the year ended December 31, 2020, the Company had unmargined copper forward sales contracts for 152,125 tonnes at an average price of $2.86 per lb outstanding with periods of maturity to December 2021. In addition, the Company has zero cost collar unmargined sales contracts for 174,400 tonnes at weighted average prices of $2.83 per lb to $3.07 per lb outstanding with maturities to December 2021. The Company also had unmargined nickel forward sales contracts for 3,213 tonnes at an average price of $6.89 per lb outstanding with maturities to October 2021.

The Company is also exposed to commodity price risk on diesel fuel required for mining operations and sulphur required for acid production. The Company's risk management policy allows for the management of these exposures through the use of derivative financial instruments. As at December 31, 2020, and December 31, 2019, the Company had not entered into any sulphur derivatives. At December 31, 2020, the Company had entered into fuel forward contracts over 60,408,600 litres at an average price of $0.34 per litre.

The Company's commodity price risk related to changes in fair value of embedded derivatives in accounts receivable reflecting copper, nickel, gold and zinc sales provisionally priced based on the forward price curve at the end of each quarter.

Interest rate risk

The majority of the Company's interest expense is fixed however it is also exposed to an interest rate risk arising from interest paid on floating rate debt and the interest received on cash and short-term deposits.

Deposits are invested on a short-term basis to ensure adequate liquidity for payment of operational and capital expenditures. To date, no interest rate management products are used in relation to deposits.

The Company manages its interest rate risk on borrowings on a net basis. The Company has a policy allowing floating-to-fixed interest rate swaps targeting 50% of exposure over a five-year period. As at December 31, 2020, and December 31 2019, the Company held no floating-to-fixed interest rate swaps.

Foreign exchange risk

The Company's functional and reporting currency is USD. As virtually all of the Company's revenues are derived in USD and the majority of its business is conducted in USD, foreign exchange risk arises from transactions denominated in currencies other than USD. Commodity sales are denominated in USD, the majority of borrowings are denominated in USD and the majority of operating expenses are denominated in USD. The Company's primary foreign exchange exposures are to the local currencies in the countries where the Company's operations are located, principally the Zambian kwacha ("ZMW"), Australian dollar ("A$") Mauritanian ouguiya ("MRU"), the euro ("EUR") and the Turkish lira ("TRY"); and to the local currencies suppliers who provide capital equipment for project development, principally the A$, EUR and the South African rand ("ZAR").

The Company's risk management policy allows for the management of exposure to local currencies through the use of financial instruments at a targeted amount of up to 100% for exposures within one year down to 50% for exposures in five years.

Disclosure controls and procedures

The Company's disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is communicated to senior management, to allow timely decisions regarding required disclosure.

An evaluation of the effectiveness of the Company's disclosure controls and procedures, as defined under the rules of the Canadian Securities Administration, was conducted as of December 31, 2020, under the supervision of the Company's Audit Committee and with the participation of management. Based on the results of the evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this report in providing reasonable assurance that the information required to be disclosed in the Company's annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported in accordance with the securities legislation.

Since the December 31, 2020 evaluation, there have been no adverse changes to the Company's controls and procedures and they continue to remain effective.

Capital management

The Company's objectives when managing capital are to continue to provide returns for shareholders, and comply with lending requirements while safeguarding the Company's ability to continue as a going concern. The Company considers the items included in equity to be capital.

The Company manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the Company's assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The Company uses a combination of short-term and long-term debt to finance its operations and development projects. Typically, floating rates of interest are attached to short-term debt, and fixed rates on senior notes.

Internal control over financial reporting

Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements in compliance with IFRS. The Company's internal control over financial reporting includes policies and procedures that:

- pertain to the maintenance of records that accurately and fairly reflect the transactions of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS;
- ensure the Company's receipts and expenditures are made only in accordance with authorization of management and the Company's directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized transactions that could have a material effect on the annual or interim financial statements.

An evaluation of the effectiveness of the Company's internal control over financial reporting was conducted as of December 31, 2020 by the Company's management, including the Chief Executive Officer and Chief Financial Officer, based on the Control - Integrated Framework (2013) established by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission. Based on this evaluation, management has concluded that the Company's internal controls over financial reporting were effective.

There were no changes in the Company's business activities during the period ended December 31, 2020, that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

Limitations of controls and procedures

The Company's management, including the Chief Executive Officer and Chief Financial Officer, believe that any disclosure controls and procedures or internal control over financial reporting, no matter how well conceived and operated, can provide only reasonable and not absolute assurance that the objectives of the control system are met. Further, the design of a control system reflects the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

SUMMARY OF RESULTS

The following unaudited tables set out a summary of quarterly and annual results for the Company:

CONSOLIDATED OPERATIONS

	2018	Q1 19	Q2 19	Q3 19	Q4 19	2019	Q1 20	Q2 20	Q3 20	Q4 20	2020
Sales revenues											
Copper	$ 3,616	$ 770	$ 836	$ 877	$ 1,120	$ 3,603	$ 1,015	$ 864	$ 1,150	$ 1,348	$ 4,377
Gold	$ 228	$ 57	$ 67	$ 86	$ 132	$ 342	$ 134	$ 98	$ 158	$ 147	$ 537
Nickel	–	–	–	–	–	–	$ 3	$ 27	$ 61	$ 68	$ 159
Other	$ 122	$ 30	$ 36	$ 24	$ 32	$ 122	$ 30	$ 25	$ 33	$ 38	$ 126
Total sales revenues	$ 3,966	$ 857	$ 939	$ 987	$ 1,284	$ 4,067	$ 1,182	$ 1,014	$ 1,402	$ 1,601	$ 5,199
Gross profit	$ 978	$ 185	$ 196	$ 150	$ 259	$ 790	$ 147	$ 141	$ 346	$ 443	$ 1,077
Comparative EBITDA	$ 1,737	$ 368	$ 376	$ 354	$ 511	$ 1,609	$ 434	$ 352	$ 641	$ 725	$ 2,152
Net earnings (loss) attributable to shareholders of the Company	$ 441	$ 53	$ 78	$ (73)	$ (115)	$ (57)	$ (62)	$ (156)	$ 29	$ 9	$ (180)
Comparative earnings (loss)	$ 487	$ 95	$ 87	$ 32	$ 35	$ 249	$ (79)	$ (84)	$ 64	$ 53	$ (46)
Basic earnings (loss) per share	$ 0.64	$ 0.08	$ 0.11	$ (0.11)	$ (0.17)	$ (0.08)	$ (0.09)	$ (0.23)	$ 0.04	$ 0.01	$ (0.26)
Comparative earnings (loss) per share	$ 0.71	$ 0.14	$ 0.13	$ 0.05	$ 0.05	$ 0.36	$ (0.11)	$ (0.12)	$ 0.09	$ 0.08	$ (0.07)
Diluted earnings (loss) per share	$ 0.64	$ 0.08	$ 0.11	$ (0.11)	$ (0.17)	$ (0.08)	$ (0.09)	$ (0.23)	$ 0.04	$ 0.01	$ (0.26)
Dividends declared per common share (CDN$ per share)	$ 0.010	$ 0.005	–	$ 0.005	–	$ 0.010	$ 0.005	–	$ 0.005	–	$ 0.010
Basic weighted average shares (000's) [1]	686,747	687,100	687,130	688,425	688,083	687,596	688,093	688,123	688,806	688,939	688,469
Cash flows per share from operating activities	$ 2.88	$ 0.23	$ 0.26	$ 0.22	$ 0.58	$ 1.29	$ 0.69	$0.23	$ 0.66	$ 0.77	$ 2.34
Copper statistics											
Total copper production (tonnes) [2]	605,853	136,969	168,399	192,510	204,270	702,148	195,285	169,059	211,396	203,171	778,911
Total copper sales (tonnes) [3]	596,513	130,262	149,333	203,827	205,964	689,386	189,953	159,944	197,533	217,041	764,471
Realized copper price (per lb)	$ 2.84	$ 2.79	$ 2.80	$ 2.62	$ 2.62	$ 2.70	$ 2.56	$ 2.60	$ 2.77	$ 2.97	$ 2.74
TC/RC (per lb)	$ (0.08)	$ (0.09)	$ (0.10)	$ (0.12)	$ (0.12)	$ (0.11)	$ (0.11)	$ (0.10)	$ (0.10)	$ (0.11)	$ (0.10)
Freight charges (per lb)	$ (0.05)	$ (0.04)	$ (0.04)	$ (0.04)	$ (0.03)	$ (0.04)	$ (0.03)	$ (0.05)	$ (0.03)	$ (0.04)	$ (0.04)
Net realized copper price (per lb)	$ 2.71	$ 2.66	$ 2.66	$ 2.46	$ 2.47	$ 2.55	$ 2.42	$ 2.45	$ 2.64	$ 2.82	$ 2.60
Cash cost – copper (C1) (per lb) [2]	$ 1.28	$ 1.34	$ 1.32	$ 1.36	$ 1.24	$ 1.31	$ 1.30	$ 1.20	$ 1.07	$ 1.28	$ 1.21
All-in sustaining cost (AISC) (per lb) [2]	$ 1.74	$ 1.77	$ 1.77	$ 1.86	$ 1.73	$ 1.78	$ 1.64	$ 1.62	$ 1.48	$ 1.77	$ 1.63
Total cost – copper (C3) (per lb) [2]	$ 2.11	$ 2.21	$ 2.17	$ 2.20	$ 2.07	$ 2.16	$ 2.19	$ 2.08	$ 1.97	$ 2.20	$ 2.11
Nickel statistics											
Nickel produced (contained tonnes)	–	–	–	–	–	–	–	1,979	5,113	5,603	12,695
Nickel produced (payable tonnes)	–	–	–	–	–	–	–	1,579	4,102	4,534	10,215
Nickel sales (contained tonnes)	–	–	–	–	–	–	–	1,791	4,986	5,343	12,120
Nickel sales (payable tonnes)	–	–	–	–	–	–	–	1,429	4,016	4,342	9,787
Net realized price (per payable lb)	–	–	–	–	–	–	–	$ 8.51	$ 6.88	$ 7.11	$ 7.37
Cash cost – (C1) (per lb)	–	–	–	–	–	–	–	$ 6.26	$ 5.88	$ 5.39	$ 5.72
All-in sustaining cost (AISC) (per lb)	–	–	–	–	–	–	–	$ 7.30	$ 6.53	$ 6.09	$ 6.46
Total cost – nickel (C3) (per lb)	–	–	–	–	–	–	–	$ 7.93	$ 7.36	$ 6.78	$ 7.19
Gold statistics											
Total gold production (ounces)	185,414	49,357	59,647	70,120	77,789	256,913	68,788	54,651	72,926	68,747	265,112
Total gold sales (ounces) [4]	193,072	46,790	56,922	71,664	79,409	254,785	73,782	54,591	78,013	70,905	277,291
Net realized gold price (per ounce)	$ 1,181	$ 1,226	$ 1,235	$ 1,388	$ 1,380	$ 1,318	$ 1,488	$ 1,604	$ 1,766	$ 1,771	$ 1,662
Zinc statistics											
Zinc production (tonnes) [5]	26,807	6,318	4,123	4,429	2,462	17,332	1,837	1,937	1,331	1,943	7,048
Zinc sales (tonnes)	26,112	6,646	4,450	2,297	2,979	16,372	2,881	829	2,002	1,882	7,594

1 Fluctuations in average weighted shares between quarters reflects shares issued and changes in levels of treasury shares held for performance share units.

2 The Company determined that commercial production at Cobre Panama commenced effective September 1, 2019. Pre-commercial production and sales volumes and operating results at Cobre Panama are not included in earnings or C1, C3 and AISC calculations.

3 Sales of copper anode attributable to anode produced from third-party purchased concentrate are excluded.

4 Excludes refinery-backed gold credits purchased and delivered under the precious metal streaming arrangement (page 42).

COBRE PANAMA STATISTICS

	Q3 19 [1] Pre-commercial production	Q3 19 [1] Post-commercial production	Q4 19	**2019**	Q1 20	Q2 20	Q3 20	Q4 20	**2020**
Mining									
Waste mined (000's tonnes)	9,579	3,636	15,950	**66,570**	12,255	1,467	8,355	12,576	**34,653**
Ore mined (000's tonnes)	7,767	5,252	18,439	**51,879**	18,933	6,426	13,317	20,348	**59,024**
Processing									
Copper ore milled (000's tonnes)	8,375	4,437	16,493	**38,583**	15,942	6,157	14,661	17,697	**54,457**
Copper ore grade processed (%)	0.51	0.49	0.41	**0.44**	0.39	0.41	0.47	0.41	**0.42**
Copper recovery (%)	86	89	89	**86**	91	86	90	91	**90**
Concentrate grade (%)	22.0	21.8	22.1	**21.9**	23.9	22.9	25.6	26.6	**25.1**
Copper in concentrate produced (tonnes)	36,783	19,438	60,338	**147,480**	56,240	21,733	62,055	65,520	**205,548**
Gold produced (ounces)	13,570	7,914	28,040	**60,074**	23,232	7,794	28,346	25,295	**84,667**
Silver produced (ounces)	269,800	152,243	452,663	**1,132,247**	429,294	164,449	501,012	500,806	**1,595,561**
Cash Costs (per lb)									
Mining	–	$ 0.44	$ 0.33	**$ 0.36**	$ 0.39	$ 0.44	$ 0.38	$ 0.27	**$ 0.36**
Processing	–	$ 0.46	$ 0.57	**$ 0.54**	$ 0.65	$ 0.73	$ 0.48	$ 0.77	**$ 0.64**
Site administration	–	$ 0.38	$ 0.29	**$ 0.31**	$ 0.29	$ 0.46	$ 0.23	$ 0.31	**$ 0.30**
TC/RC and freight charges	–	$ 0.32	$ 0.36	**$ 0.34**	$ 0.32	$ 0.30	$ 0.26	$ 0.27	**$ 0.28**
By-product credits	–	$ (0.26)	$ (0.27)	**$ (0.26)**	$ (0.27)	$ (0.21)	$ (0.29)	$ (0.28)	**$ (0.27)**
Cash cost (C1) (per lb)	–	$ 1.34	$ 1.28	**$ 1.29**	$ 1.38	$ 1.72	$ 1.06	$ 1.34	**$ 1.31**
All-in sustaining cost (AISC) (per lb)	–	$ 1.56	$ 1.85	**$ 1.78**	$ 1.61	$ 2.03	$ 1.31	$ 1.72	**$ 1.60**
Total cost (C3) (per lb)	–	$ 2.28	$ 2.12	**$ 2.15**	$ 2.44	$ 2.99	$ 2.03	$ 2.22	**$ 2.30**
Revenues ($ millions)									
Copper in concentrates	–	$ 178	$ 253	**$ 431**	$ 324	$ 84	$ 362	$ 432	**$ 1,202**
Gold - mine production	–	$ 18	$ 30	**$ 48**	$ 40	$ 8	$ 46	$ 44	**$ 138**
Gold - precious metal stream	–	$ 8	$ 23	**$ 31**	$ 24	$ 11	$ 20	$ 21	**$ 76**
Silver - mine production	–	$ 4	$ 5	**$ 9**	$ 6	$ 3	$ 9	$ 10	**$ 28**
Silver - precious metal stream	–	$ 2	$ 3	**$ 5**	$ 4	$ 1	$ 3	$ 3	**$ 11**
Total sales revenues	–	$ 210	$ 314	**$ 524**	$ 398	$ 107	$ 440	$ 510	**$ 1,455**
Cost of refinery - backed credits for precious metal stream	–	$ (11)	$ (33)	**$ (44)**	$ (37)	$ (15)	$ (38)	$ (39)	**$ (129)**
Copper sales (tonnes)	42,425	35,056	48,841	**132,864**	64,136	17,832	61,049	65,770	**208,787**
Gold sales (ounces) [2]	16,032	13,074	23,336	**55,069**	27,337	6,674	27,182	25,669	**86,862**
Silver sales (ounces) [2]	350,982	271,774	354,689	**1,032,598**	480,524	126,366	470,989	504,002	**1,581,881**

1 The Company determined that commercial production at Cobre Panama commenced effective September 1, 2019.

2 Excludes refinery-backed gold and silver credits purchased and delivered under precious metal streaming arrangement (page 42).

KANSANSHI STATISTICS

	2018	Q1 19	Q2 19	Q3 19	Q4 19	2019	Q1 20	Q2 20	Q3 20	Q4 20	2020
Mining											
Waste mined (000's tonnes)	**48,719**	10,249	12,210	17,232	13,077	**52,768**	12,491	16,897	19,103	13,481	**61,972**
Ore mined (000's tonnes)	**38,481**	7,363	11,252	8,995	8,715	**36,325**	7,420	10,303	8,479	8,221	**34,423**
Processing											
Sulphide ore milled (000's tonnes)	**12,978**	3,084	3,312	3,301	3,211	**12,908**	3,321	3,300	3,415	3,491	**13,527**
Sulphide ore grade processed (%)	**0.78**	0.90	0.85	0.86	0.95	**0.89**	0.89	0.80	0.85	0.79	**0.83**
Sulphide ore recovery (%)	**91**	89	91	92	93	**91**	93	93	91	90	**92**
Sulphide concentrate grade (%)	**22.8**	21.5	21.7	23.3	23.3	**22.5**	23.3	22.4	22.5	24.3	**23.1**
Mixed ore milled (000's tonnes)	**8,186**	1,870	1,990	1,939	1,900	**7,699**	1,967	2,160	2,053	1,987	**8,167**
Mixed ore grade processed (%)	**1.06**	1.00	1.06	1.02	1.11	**1.05**	0.99	1.03	1.03	0.96	**1.00**
Mixed ore recovery (%)	**82**	75	74	81	79	**77**	82	82	79	81	**81**
Mixed concentrate grade (%)	**29.3**	25.7	26.5	28.8	28.0	**27.3**	26.2	28.0	25.6	24.1	**26.0**
Oxide ore milled (000's tonnes)	**6,916**	1,534	1,856	1,918	1,893	**7,201**	1,697	2,010	2,079	1,654	**7,440**
Oxide ore grade processed (%)	**1.44**	1.14	1.24	1.04	1.07	**1.12**	0.97	0.96	0.80	1.02	**0.93**
Oxide ore recovery (%)	**89**	87	76	85	79	**82**	73	84	70	75	**76**
Oxide concentrate grade (%)	**29.4**	25.0	26.3	27.7	24.5	**25.9**	22.7	19.8	18.4	22.8	**20.8**
Copper cathode produced (tonnes)	**72,394**	10,705	11,325	11,526	11,490	**45,046**	9,976	16,007	12,672	13,298	**51,953**
Copper in concentrate produced (tonnes)	**179,128**	43,208	47,309	47,362	49,318	**187,197**	45,636	42,808	41,758	39,332	**169,534**
Total copper production (tonnes)	**251,522**	53,913	58,634	58,888	60,808	**232,243**	55,612	58,815	54,430	52,630	**221,487**
Gold produced (ounces)	**130,019**	34,743	35,613	38,925	36,105	**145,386**	33,002	34,177	31,715	29,515	**128,409**
Smelting [1]											
Concentrate processed (DMT) [1]	**1,381,637**	342,307	351,169	281,800	342,550	**1,317,826**	329,946	273,673	362,554	354,155	**1,320,328**
Copper anodes produced (tonnes) [1]	**347,037**	83,134	84,505	69,952	86,690	**324,281**	80,280	66,905	89,090	87,392	**323,667**
Smelter copper recovery (%)	**97**	97	97	97	97	**97**	97	97	98	99	**98**
Acid tonnes produced (000's)	**1,255**	322	323	264	327	**1,236**	315	264	342	341	**1,262**
Cash Costs (per lb)											
Mining	**$ 0.55**	$ 0.64	$ 0.64	$ 0.68	$ 0.59	**$ 0.64**	$ 0.74	$ 0.57	$ 0.61	$ 0.60	**$ 0.62**
Processing	**$ 0.49**	$ 0.58	$ 0.49	$ 0.50	$ 0.45	**$ 0.51**	$ 0.50	$ 0.50	$ 0.60	$ 0.55	**$ 0.54**
Site administration	**$ 0.09**	$ 0.11	$ 0.10	$ 0.10	$ 0.14	**$ 0.11**	$ 0.08	$ 0.09	$ 0.10	$ 0.07	**$ 0.09**
TC/RC and freight charges	**$ 0.14**	$ 0.16	$ 0.18	$ 0.14	$ 0.14	**$ 0.15**	$ 0.15	$ 0.19	$ 0.16	$ 0.12	**$ 0.16**
By-product credits	**$ (0.34)**	$ (0.38)	$ (0.38)	$ (0.46)	$ (0.43)	**$ (0.41)**	$ (0.41)	$ (0.39)	$ (0.55)	$ (0.48)	**$ (0.46)**
Total smelter costs	**$ 0.10**	$ 0.13	$ 0.12	$ 0.14	$ 0.14	**$ 0.13**	$ 0.16	$ 0.13	$ 0.12	$ 0.15	**$ 0.14**
Cash cost (C1) (per lb)	**$ 1.03**	$ 1.24	$ 1.15	$ 1.10	$ 1.03	**$ 1.13**	$ 1.22	$ 1.09	$ 1.04	$ 1.01	**$ 1.09**
All-in sustaining cost (AISC) (per lb)	**$ 1.55**	$ 1.73	$ 1.66	$ 1.74	$ 1.48	**$ 1.65**	$ 1.65	$ 1.56	$ 1.61	$ 1.59	**$ 1.60**
Total cost (C3) (per lb)	**$ 1.74**	$ 1.98	$ 1.87	$ 1.84	$ 1.68	**$ 1.84**	$ 1.97	$ 1.82	$ 1.85	$ 1.81	**$ 1.86**
Revenues ($ millions)											
Copper cathodes	**$ 452**	$ 57	$ 71	$ 65	$ 78	**$ 271**	$ 42	$ 79	$ 88	$ 94	**$ 303**
Copper anode	**$ 1,029**	$ 245	$ 252	$ 200	$ 346	**$ 1,043**	$ 244	$ 165	$ 237	$ 267	**$ 913**
Copper in concentrates	**$ 10**	$ 17	$ 32	–	–	**$ 49**	$ 12	$ 54	$ 27	–	**$ 93**
Gold	**$ 160**	$ 39	$ 48	$ 45	$ 65	**$ 197**	$ 50	$ 53	$ 71	$ 55	**$ 229**
Acid	**$ 21**	$ 6	$ 5	$ 4	$ 6	**$ 21**	$ 1	–	–	–	**$ 1**
Total sales revenues	**$ 1,672**	$ 364	$ 408	$ 314	$ 495	**$ 1,581**	$ 349	$ 351	$ 423	$ 416	**$ 1,539**
Copper cathode sales (tonnes)	**70,665**	9,452	12,160	11,412	13,285	**46,309**	7,610	15,304	13,854	13,115	**49,883**
Copper anode sales (tonnes) [2]	**157,663**	40,220	42,610	35,726	60,701	**179,257**	44,807	32,785	37,503	38,150	**153,245**
Copper in concentrate sales (tonnes)	**1,504**	3,361	6,454	–	–	**9,815**	2,913	12,173	4,933	–	**20,019**
Total copper sales (tonnes)	**229,832**	53,033	61,224	47,138	73,986	**235,381**	55,330	60,262	56,290	51,265	**223,147**
Gold sales (ounces)	**134,890**	31,082	37,917	32,022	45,342	**146,363**	32,694	32,009	37,524	29,021	**131,248**

1 Concentrate processed in smelter and copper anodes produced are disclosed on a 100% basis, inclusive of Sentinel and third-party concentrate processed.

2 Sales of copper anode attributable to anode produced from third-party purchased concentrate are excluded.

SENTINEL STATISTICS

	2018	Q1 19	Q2 19	Q3 19	Q4 19	2019	Q1 20	Q2 20	Q3 20	Q4 20	2020
Mining											
Waste mined (000's tonnes)	**95,607**	19,335	23,609	24,970	24,912	**92,826**	24,849	22,480	24,489	26,152	**97,970**
Ore mined (000's tonnes)	**45,518**	11,507	12,017	12,704	14,035	**50,263**	15,667	15,230	15,199	14,002	**60,098**
Processing											
Copper ore milled (000's tonnes)	**48,750**	11,581	11,887	13,005	12,385	**48,858**	14,107	13,997	14,669	13,816	**56,589**
Copper ore grade processed (%)	**0.50**	0.54	0.50	0.47	0.47	**0.50**	0.45	0.49	0.53	0.51	**0.49**
Recovery (%)	**91**	92	92	91	87	**91**	89	89	90	90	**90**
Copper concentrate produced (tonnes)	**223,656**	57,716	54,977	56,439	50,874	**220,006**	56,633	60,761	70,829	62,993	**251,216**
Concentrate grade (%)	**25.0**	26.9	26.5	26.3	26.6	**26.6**	26.2	26.5	26.8	26.7	**26.6**
Cash Costs (per lb)											
Mining	**$ 0.58**	$ 0.55	$ 0.51	$ 0.47	$ 0.53	**$ 0.52**	$ 0.46	$ 0.42	$ 0.38	$ 0.40	**$ 0.43**
Processing	**$ 0.67**	$ 0.61	$ 0.61	$ 0.61	$ 0.70	**$ 0.63**	$ 0.61	$ 0.59	$ 0.51	$ 0.60	**$ 0.57**
Site administration	**$ 0.10**	$ 0.09	$ 0.09	$ 0.13	$ 0.12	**$ 0.11**	$ 0.17	$ 0.01	$ 0.07	$ 0.10	**$ 0.08**
TC/RC and freight charges	**$ 0.23**	$ 0.23	$ 0.23	$ 0.28	$ 0.27	**$ 0.25**	$ 0.23	$ 0.25	$ 0.20	$ 0.27	**$ 0.24**
Total smelter costs	**$ 0.12**	$ 0.12	$ 0.11	$ 0.09	$ 0.09	**$ 0.10**	$ 0.08	$ 0.09	$ 0.09	$ 0.07	**$ 0.08**
Cash cost (C1) (per lb)	**$ 1.70**	$ 1.60	$ 1.55	$ 1.58	$ 1.71	**$ 1.61**	$ 1.55	$ 1.36	$ 1.25	$ 1.44	**$ 1.40**
All-in sustaining cost (AISC) (per lb)	**$ 2.22**	$ 2.07	$ 2.06	$ 2.12	$ 2.22	**$ 2.12**	$ 2.02	$ 1.86	$ 1.77	$ 2.04	**$ 1.92**
Total cost (C3) (per lb)	**$ 2.42**	$ 2.34	$ 2.29	$ 2.29	$ 2.45	**$ 2.34**	$ 2.27	$ 2.02	$ 1.98	$ 2.28	**$ 2.14**
Revenues ($ millions)											
Copper anode	**$ 1,169**	$ 237	$ 251	$ 198	$ 190	**$ 876**	$ 178	$ 176	$ 275	$ 350	**$ 979**
Copper in concentrates	**$ 285**	$ 59	$ 68	$ 105	$ 91	**$ 323**	$ 57	$ 76	$ 65	$ 176	**$ 374**
Total sales revenues	**$ 1,454**	$ 296	$ 319	$ 303	$ 281	**$ 1,199**	$ 235	$ 252	$ 340	$ 526	**$ 1,353**
Copper anode sales (tonnes)	**183,372**	38,815	42,410	35,087	32,974	**149,286**	32,914	33,859	42,936	49,772	**159,481**
Copper concentrate sales (tonnes)	**54,839**	12,372	13,212	23,114	20,298	**68,996**	12,269	18,199	12,579	29,203	**72,250**

GUELB MOGHREIN STATISTICS

	2018	Q1 19	Q2 19	Q3 19	Q4 19	2019	Q1 20	Q2 20	Q3 20	Q4 20	2020
Mining											
Waste mined (000's tonnes)	15,062	3,581	3,107	2,528	1,917	11,133	3,204	3,502	2,578	906	10,190
Ore mined (000's tonnes)	1,590	953	1,345	1,265	1,561	5,124	936	1,079	1,150	1,189	4,354
Processing											
Sulphide ore milled (000's tonnes)	3,684	994	1,018	810	1,029	3,851	898	1,015	889	986	3,788
Sulphide ore grade processed (%)	0.85	0.85	0.84	0.88	0.89	0.87	0.88	0.83	0.87	0.82	0.85
Recovery (%)	90	88	90	87	89	89	89	88	86	91	89
Copper produced (tonnes)	28,137	7,447	7,750	6,203	8,220	29,620	7,028	7,392	6,702	7,369	28,491
Gold produced (ounces)	45,974	12,498	11,961	8,187	12,027	44,673	11,237	11,665	11,620	13,115	47,637
Magnetite concentrate produced (WMT)	425,389	119,169	163,555	106,634	152,202	541,560	129,773	160,434	175,237	114,128	579,572
Cash Costs (per lb)											
Mining	$ 0.82	$ 0.78	$ 0.57	$ 0.52	$ 0.38	$ 0.55	$ 0.41	$ 0.33	$ 0.30	$ 0.36	$ 0.36
Processing	$ 1.09	$ 0.87	$ 1.00	$ 1.06	$ 0.96	$ 0.97	$ 1.06	$ 1.02	$ 1.13	$ 1.08	$ 1.07
Site administration	$ 0.19	$ 0.18	$ 0.18	$ 0.22	$ 0.16	$ 0.18	$ 0.18	$ 0.17	$ 0.19	$ 0.16	$ 0.18
TC/RC and freight charges	$ 0.54	$ 0.49	$ 0.35	$ 0.35	$ 0.58	$ 0.44	$ 0.31	$ 0.37	$ 0.45	$ 0.26	$ 0.34
Gold and magnetite credit	$ (1.14)	$ (1.21)	$ (1.19)	$ (1.04)	$ (1.10)	$ (1.14)	$ (1.30)	$ (1.41)	$ (1.83)	$ (1.77)	$ (1.57)
Cash cost (C1) (per lb)	$ 1.50	$ 1.11	$ 0.91	$ 1.11	$ 0.98	$ 1.00	$ 0.66	$ 0.48	$ 0.24	$ 0.09	$ 0.38
All-in sustaining cost (AISC) (per lb)	$ 1.93	$ 1.37	$ 1.19	$ 1.62	$ 1.37	$ 1.36	$ 1.07	$ 0.87	$ 0.47	$ 0.36	$ 0.70
Total cost (C3) (per lb)	$ 2.46	$ 2.22	$ 1.65	$ 1.93	$ 1.78	$ 1.87	$ 1.42	$ 1.34	$ 0.94	$ 1.07	$ 1.20
Revenues ($ millions)											
Copper in concentrates	$ 154	$ 42	$ 43	$ 30	$ 30	$ 145	$ 37	$ 39	$ 38	$ 47	$ 161
Gold	$ 58	$ 16	$ 18	$ 12	$ 12	$ 58	$ 18	$ 23	$ 21	$ 27	$ 89
Magnetite concentrate	$ 23	$ 6	$ 16	$ 10	$ 8	$ 40	$ 12	$ 16	$ 12	$ 10	$ 50
Total sales revenues	$ 235	$ 64	$ 77	$ 52	$ 50	$ 243	$ 67	$ 78	$ 71	$ 84	$ 300
Copper sales (tonnes)	27,366	7,924	8,143	5,969	6,010	28,046	7,649	8,170	6,715	7,365	29,899
Gold sales (ounces)	48,195	13,301	14,156	9,074	8,415	44,946	12,106	14,528	11,698	14,885	53,217
Magnetite concentrate sold (WMT)	376,956	89,631	222,762	123,274	90,032	525,699	135,008	180,107	138,582	136,316	590,013

LAS CRUCES STATISTICS

	2018	Q1 19	Q2 19	Q3 19	Q4 19	2019	Q1 20	Q2 20	Q3 20	Q4 20	2020
Mining											
Waste mined (000's tonnes)	14,936	460	–	2,082	342	2,884	194	219	613	108	1,134
Ore mined (000's tonnes)	1,682	96	–	355	446	897	361	271	189	–	821
Processing											
Copper ore milled (000's tonnes)	1,544	325	360	305	364	1,354	355	383	343	381	1,462
Copper ore grade processed (%)	4.95	3.75	3.35	3.73	5.71	4.17	4.97	4.99	4.24	3.22	4.35
Recovery (%)	93	87	86	83	85	85	87	87	84	83	85
Copper cathode produced (tonnes)	70,738	10,634	10,366	9,479	17,611	48,090	15,293	16,566	12,259	10,234	54,352
Cash Costs (per lb)											
Cash cost (C1) (per lb)	$ 0.90	$ 1.31	$ 1.51	$ 1.46	$ 0.73	$ 1.17	$ 0.87	$ 0.84	$ 1.12	$ 1.56	$ 1.05
All-in sustaining cost (AISC) (per lb)	$ 1.16	$ 1.46	$ 1.65	$ 1.74	$ 0.91	$ 1.35	$ 0.96	$ 0.93	$ 1.22	$ 1.70	$ 1.15
Total cost (C3) (per lb)	$ 2.25	$ 3.19	$ 3.59	$ 3.61	$ 2.43	$ 3.08	$ 2.42	$ 2.50	$ 3.24	$ 3.76	$ 2.88
Revenues ($ millions)											
Copper cathode	$ 470	$ 71	$ 62	$ 61	$ 97	$ 291	$ 83	$ 97	$ 82	$ 70	$ 332
Copper cathode sales (tonnes)	71,523	11,443	10,112	10,405	16,284	48,244	14,473	17,818	12,646	9,915	54,852

ÇAYELI STATISTICS

	2018	Q1 19	Q2 19	Q3 19	Q4 19	2019	Q1 20	Q2 20	Q3 20	Q4 20	2020
Copper produced (tonnes)	**19,896**	4,891	3,872	3,218	4,725	**16,706**	2,990	2,611	4,199	3,534	**13,334**
Zinc produced (tonnes)	**4,091**	752	1,428	1,176	1,896	**5,252**	765	853	951	1,943	**4,512**
Cash Costs (per lb)											
Cash cost – Copper (C1) (per lb)	**$ 1.21**	$ 1.42	$ 1.32	$ 1.82	$ 1.11	**$ 1.35**	$ 1.62	$ 1.39	$ 1.07	$ 0.96	**$ 1.24**
All-in sustaining cost (AISC) (per lb)	**$ 1.48**	$ 1.68	$ 1.54	$ 2.12	$ 1.51	**$ 1.65**	$ 1.94	$ 1.61	$ 1.29	$ 1.37	**$ 1.53**
Total cost – Copper (C3) (per lb)	**$ 2.03**	$ 2.32	$ 2.25	$ 2.83	$ 1.60	**$ 2.16**	$ 2.77	$ 2.60	$ 1.91	$ 1.52	**$ 2.14**
Revenues ($ millions)											
Copper	**$ 87**	$ 18	$ 28	$ 13	$ 26	**$ 85**	$ 6	$ 11	$ 22	$ 14	**$ 53**
Zinc	**$ 8**	–	$ 3	–	$ 3	**$ 6**	$ 2	–	$ 1	$ 3	**$ 6**
Other	**$ 5**	–	$ 1	–	$ 3	**$ 4**	$ 1	$ 1	$ 2	$ 1	**$ 5**
Total sales revenues	**$ 100**	$ 18	$ 32	$ 13	$ 32	**$ 95**	$ 9	$ 12	$ 25	$ 18	**$ 64**
Copper sales (tonnes)	**17,397**	3,814	5,817	2,934	5,553	**18,118**	1,776	2,544	4,451	2,672	**11,443**
Zinc sales (tonnes)	**4,313**	–	1,833	–	2,046	**3,879**	1,857	–	1,625	1,882	**5,364**

PYHÄSALMI STATISTICS

	2018	Q1 19	Q2 19	Q3 19	Q4 19	2019	Q1 20	Q2 20	Q3 20	Q4 20	2020
Copper produced (tonnes)	**11,904**	2,343	1,904	2,062	1,694	**8,003**	1,489	1,181	922	891	**4,483**
Zinc produced (tonnes) [1]	**22,716**	5,566	2,695	3,253	566	**12,080**	1,072	1,084	380	–	**2,536**
Pyrite produced (tonnes)	**645,885**	152,475	152,522	127,960	120,687	**553,644**	96,503	108,329	124,913	132,415	**462,160**
Cash Costs (per lb)											
Cash cost – Copper (C1) (per lb)	**$ (0.46)**	$ (0.39)	$ 0.21	$ 0.61	$ 2.02	**$ 0.51**	$ 0.86	$ 1.55	$ 1.82	$ 2.06	**$ 1.48**
All-in sustaining cost (AISC) (per lb)	**$ (0.46)**	$ (0.39)	$ 0.25	$ 0.64	$ 2.11	**$ 0.55**	$ 0.89	$ 1.62	$ 1.90	$ 2.21	**$ 1.55**
Total cost – Copper (C3) (per lb)	**$ 1.70**	$ 1.67	$ 1.75	$ 1.62	$ 2.17	**$ 1.77**	$ 1.07	$ 2.30	$ 2.33	$ 2.93	**$ 2.03**
Revenues ($ millions)											
Copper	**$ 70**	$ 16	$ 10	$ 9	$ 10	**$ 45**	$ 6	$ 6	$ 5	$ 9	**$ 26**
Zinc	**$ 45**	$ 12	$ 7	$ 2	$ 1	**$ 22**	$ 1	$ 1	–	–	**$ 2**
Pyrite	**$ 17**	$ 4	$ 3	$ 3	$ 3	**$ 13**	$ 3	$ 3	$ 2	$ 3	**$ 11**
Other	**$ 12**	$ 4	$ 1	$ 2	$ 3	**$ 10**	$ 3	$ 1	$ 3	–	**$ 7**
Total sales revenues	**$ 144**	$ 36	$ 21	$ 16	$ 17	**$ 90**	$ 13	$ 11	$ 10	$ 12	**$ 46**
Copper sales (tonnes)	**12,184**	2,861	1,873	1,699	2,018	**8,451**	1,406	1,260	867	1,079	**4,612**
Zinc sales (tonnes)	**21,799**	6,646	2,617	2,297	933	**12,493**	1,024	829	377	–	**2,230**
Pyrite sales (tonnes)	**445,181**	124,667	97,221	90,619	110,823	**423,330**	124,140	117,759	99,386	119,593	**460,878**

1 Zinc production for the three months ended September 30, 2020 has been adjusted from 521 tonnes to 380 tonnes, and for the year-ended December 31, 2020 has been adjusted from 2,677 tonnes to 2,536 tonnes.

RAVENSTHORPE STATISTICS

	2018	Q1 19	Q2 19	Q3 19	Q4 19	2019	Q1 20	Q2 20	Q3 20	Q4 20	2020
Processing											
Beneficiated ore (000's tonnes)	–	–	–	–	–	–	–	457	769	728	**1,954**
Beneficiated ore grade (%)	–	–	–	–	–	–	–	0.93	1.01	0.99	**0.98**
Nickel recovery – leach feed to Nickel produced (%)	–	–	–	–	–	–	–	68	73	78	**74**
Nickel produced (contained tonnes)	–	–	–	–	–	–	–	1,979	5,113	5,603	**12,695**
Nickel produced (payable tonnes)	–	–	–	–	–	–	–	1,579	4,102	4,534	**10,215**
Cash Costs (per lb)											
Mining	–	–	–	–	–	–	–	$ 2.57	$ 1.89	$ 1.77	**$ 1.94**
Processing	–	–	–	–	–	–	–	$ 3.13	$ 3.51	$ 3.30	**$ 3.36**
Site administration	–	–	–	–	–	–	–	$ 0.71	$ 0.57	$ 0.45	**$ 0.54**
TC/RC and freight charges	–	–	–	–	–	–	–	$ 0.20	$ 0.25	$ 0.25	**$ 0.24**
Cobalt credit	–	–	–	–	–	–	–	$ (0.35)	$ (0.34)	$ (0.38)	**$ (0.36)**
Cash cost (C1) (per lb)	–	–	–	–	–	–	–	$ 6.26	$ 5.88	$ 5.39	**$ 5.72**
All-in sustaining cost (AISC) (per lb)	–	–	–	–	–	–	–	$ 7.30	$ 6.53	$ 6.09	**$ 6.46**
Total cost (C3) (per lb)	–	–	–	–	–	–	–	$ 7.93	$ 7.36	$ 6.78	**$ 7.19**
Revenues ($ millions)											
Nickel	–	–	–	–	–	–	–	$ 18	$ 59	$ 71	**$ 148**
Cobalt	–	–	–	–	–	–	–	$ 1	$ 3	$ 4	**$ 8**
Total sales revenues	–	–	–	–	–	–	–	$ 19	$ 62	$ 75	**$ 156**
Nickel sales (contained tonnes)	–	–	–	–	–	–	–	1,791	4,986	5,343	**12,120**
Nickel sales (payable tonnes)	–	–	–	–	–	–	–	1,429	4,016	4,342	**9,787**

Management's Responsibility for Financial Reporting

The consolidated financial statements of First Quantum Minerals Ltd. and the information contained in the annual report have been prepared by and are the responsibility of the Company's management. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and, where appropriate, reflect management's best estimates and judgments based on currently available information.

Management has developed and is maintaining a system of internal controls to obtain reasonable assurance that the Company's assets are safeguarded, transactions are authorized and financial information is reliable.

The Company's independent auditors, PricewaterhouseCoopers LLP, who are appointed by the shareholders, conduct an audit in accordance with Canadian generally accepted auditing standards. Their report outlines the scope of their audit and gives their opinion on the consolidated financial statements.

The Audit Committee of the Board of Directors meets periodically with management and the independent auditors to review the scope and results of the annual audit, and to review the consolidated financial statements and related financial reporting matters prior to approval of the consolidated financial statements.

Philip K.R. Pascall
Chairman and Chief Executive Officer

Hannes Meyer
Chief Financial Officer

February 16, 2021

Independent Auditor's Report

To the Shareholders of First Quantum Minerals Ltd.

OUR OPINION

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of First Quantum Minerals Ltd. and its subsidiaries (together, the Company) as at December 31, 2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statement of earnings (loss) for the year ended December 31, 2020;
- the consolidated statement of comprehensive income (loss) for the year ended December 31, 2020;
- the consolidated balance sheet as at December 31, 2020;
- the consolidated statement of cash flows for the year ended December 31, 2020;
- the consolidated statement of changes in equity for the year ended December 31, 2020; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

BASIS FOR OPINION

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER: HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

Goodwill impairment assessment

Refer to note 2 – Significant accounting policies, note 3 – Significant judgments, estimates and assumptions and note 7 – Goodwill to the consolidated financial statements.

Goodwill arising on business combinations is allocated to each of the Company's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. The recoverable amount of the cash-generating unit to which goodwill has been allocated is tested for impairment at the same time every year. Goodwill of $237 million was assigned to the Cobre Panama cash-generating unit (CGU). The annual impairment test has been performed as of December 31, 2020. For the purposes of the goodwill impairment test, the recoverable amount of Cobre Panama CGU has been determined by management using a fair value less costs of disposal calculation based on a discounted cash flow model over a period of 34 years, taking account of assumptions that would be made by market participants. The future cash flows used in this model are inherently uncertain and could materially change over time as a result of changes to the following key assumptions which included: ore reserves and resources estimates, commodity prices, discount rate, future production costs and future capital expenditure. Ore reserves and resources are estimated based on the National Instrument 43-101 compliant report produced by qualified persons (management's experts).

We considered this a key audit matter due to the subjectivity and complexity in applying audit procedures to test the key assumptions used by management in determining the recoverable amount of the Cobre Panama CGU, which involved significant judgment from management. Professionals with specialized skill and knowledge in the field of valuation assisted in performing certain procedures.

Our approach to addressing the matter included the following procedures, among others:

- Evaluated how management determined the recoverable amount of the Cobre Panama CGU, which included the following:
  - Tested the appropriateness of the fair value less costs of disposal calculation and the mathematical accuracy of the discounted cash flow model.
  - Tested the underlying data used in the discounted cash flow model.
  - The work of management's experts was used in performing the procedures to evaluate the reasonableness of the assumptions associated with the ore reserves and resources estimates. As a basis for using this work, management's experts' competence, capability and objectivity were evaluated, their work performed was understood and the appropriateness of their work as audit evidence was evaluated by considering the relevance and reasonableness of the assumptions, methods and findings. The procedures performed also included tests of relevant data used by management's experts.
  - Evaluated the reasonableness of key assumptions by (i) comparing commodity prices with external market and industry data; and (ii) comparing future production costs and future capital expenditure against current and past performance of the Cobre Panama CGU.
  - Professionals with specialized skill and knowledge in the field of valuation assisted in assessing the reasonableness of the discount rate.
  - Tested the disclosures made in the consolidated financial statements.

Assessment of impairment indicators for property, plant and equipment

Refer to note 2 – Significant accounting policies, note 3 – Significant judgements, estimates and assumptions and note 6 – Property, plant and equipment to the consolidated financial statements.

The Company's property, plant and equipment (PP&E) carrying value was $19,468 million as of December 31, 2020 covering multiple cash-generating units (CGUs) of the Company. Management applies significant judgement in assessing CGUs and assets for the existence of indicators of impairment at the reporting date that would necessitate impairment testing. Internal and external factors are considered in assessing whether indicators of impairment are present that would necessitate impairment testing. Factors regarding commodity prices, production, operating costs, capital expenditures and discount rates are used in determining whether there are any indicators of impairment.

We considered this a key audit matter due to the significance of the PP&E and subjectivity in applying procedures to evaluate audit evidence relating to the significant judgments made by management in its assessment of indicators of impairment.

Our approach to addressing the matter included the following procedures, among others:

- Evaluated management's assessment of indicators of impairment, which included the following:
  - Assessed the completeness of external or internal factors that could be considered as indicators of impairment of the Company's PP&E, by considering evidence obtained in other areas of the audit.
  - Assessed changes in commodity prices and discount rates, by comparing to external market and industry data and changes in production, operating costs and capital expenditures by considering the current and past performance of the CGUs and evidence obtained in other areas of the audit, as applicable.

COMPARATIVE INFORMATION

The consolidated financial statements of the Company for the year ended December 31, 2019 were audited by another auditor who expressed an unmodified opinion on those statements on February 13, 2020.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis, which we obtained prior to the date of this auditor's report and the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express an opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. When we read the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

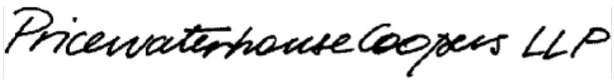
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is James Lusby.



PricewaterhouseCoopers LLP
Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
February 16, 2021

Consolidated Statements of Earnings (Loss)

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

	Note	2020	2019
Sales revenues	17	**5,199**	4,067
Cost of sales	18	**(4,122)**	(3,277)
Gross profit		**1,077**	790
Exploration		**(15)**	(19)
General and administrative		**(99)**	(82)
Impairments and related charges	20	**–**	(101)
Other expense	22	**(268)**	(114)
Operating profit		**695**	474
Finance income		**66**	37
Finance costs	21	**(804)**	(285)
Adjustment for expected phasing of Zambian VAT	4c	**80**	(182)
Loss on redemption of senior notes	10	**(5)**	(25)
Earnings before income taxes		**32**	19
Income tax expense	13	**(256)**	(70)
Net loss		**(224)**	(51)
Net loss attributable to:			
Non-controlling interests		**(44)**	6
Shareholders of the Company	15	**(180)**	(57)
Loss per common share attributable to the shareholders of the Company			
Net loss ($ per share)			
Basic	15	**(0.26)**	(0.08)
Diluted	15	**(0.26)**	(0.08)
Weighted average shares outstanding (000's)			
Basic	15	**688,469**	687,596
Diluted	15	**688,469**	687,596
Total shares issued and outstanding (000's)	14a	**690,317**	689,401

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

Consolidated Statements of Comprehensive Income (Loss)

(expressed in millions of U.S. dollars)

	Note	2020	2019
Net loss		**(224)**	(51)
Other comprehensive income (loss)			
Items that have been/may subsequently be reclassified to net earnings (loss):			
Cash flow hedges reclassified to net loss		**(8)**	(27)
Gains (losses) on cash flow hedges arising during the year	24	**(401)**	8
Items that will not subsequently be reclassified to net earnings (loss):			
Unrealized gain (loss) on investments	8	**(1)**	1
Total comprehensive loss for the year		**(634)**	(69)
Total comprehensive income (loss) for the year attributable to:			
Non-controlling interests		**(44)**	6
Shareholders of the Company		**(590)**	(75)
Total comprehensive loss for the year		**(634)**	(69)

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

Consolidated Statements of Cash Flows

(expressed in millions of U.S. dollars)

	Note	2020	2019
Cash flows from operating activities			
Net loss		**(224)**	(51)
Adjustments for			
Depreciation	18, 19	**1,217**	907
Income tax expense	13	**256**	70
Share-based compensation expense	16	**31**	23
Impairment and related charges	20	**–**	101
Net finance expense		**738**	248
Adjustment for expected phasing of Zambian VAT	4c	**(80)**	182
Unrealized foreign exchange loss		**180**	89
Loss on redemption of senior notes	10	**5**	25
Deferred revenue amortization	12	**(56)**	(38)
Share of loss in joint venture	9, 22	**45**	11
Other		**17**	28
		2,129	1,595
Taxes paid		**(313)**	(251)
Movements in non-cash working capital			
Increase in trade and other receivables		**(227)**	(404)
Increase in inventories		**(2)**	(146)
Increase in trade and other payables		**43**	97
Long term incentive plans		**(17)**	(2)
Net cash from operating activities		**1,613**	889
Cash flows used by investing activities			
Purchase and deposits on property, plant and equipment	6, 23	**(610)**	(1,455)
Acquisition of Korea Panama Mining Corp ("KPMC")	9	**(100)**	(100)
Interest paid and capitalized to property, plant and equipment	6	**–**	(388)
Other		**37**	23
Net cash used by investing activities		**(673)**	(1,920)
Cash flows from (used by) financing activities			
Net movement in trading facility		**49**	157
Movement in restricted cash		**(11)**	51
Proceeds from debt		**4,017**	3,045
Repayments of debt		**(3,963)**	(2,319)
Early redemption costs on senior notes	10	**–**	(14)
Proceeds from joint venture (KPMC shareholder loan)	9, 11b	**28**	159
Interest paid to joint venture (KPMC shareholder loan)	9, 11b	**(54)**	–
Payments to joint venture (KPMC)	9, 11b	**(14)**	(102)
Dividends paid to shareholders of the Company		**(5)**	(5)
Dividends paid to non-controlling interest		**(2)**	(9)
Interest paid		**(574)**	(181)
Other		**(14)**	(16)
Net cash from (used by) financing activities		**(543)**	766
Increase (decrease) in cash and cash equivalents and bank overdrafts		**397**	(265)
Cash and cash equivalents and bank overdrafts – beginning of year		**523**	788
Exchange losses on cash and cash equivalents		**(6)**	–
Cash and cash equivalents and bank overdrafts – end of year		**914**	523
Cash and cash equivalents and bank overdrafts comprising:			
Cash and cash equivalents		**950**	1,138
Bank overdrafts		**(36)**	(615)

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

Consolidated Balance Sheets

(expressed in millions of U.S. dollars)

	Note	**December 31, 2020**	December 31, 2019
Assets			
Current assets			
Cash and cash equivalents		**950**	1,138
Trade and other receivables	4	**737**	512
Inventories	5	**1,333**	1,367
Current portion of other assets	8	**88**	135
		3,108	3,152
Non-current assets			
Cash and cash equivalents – restricted cash		**40**	27
Non-current VAT receivable	4b	**349**	396
Property, plant and equipment	6	**19,468**	19,972
Goodwill	7	**237**	237
Investment in joint venture	9	**544**	589
Deferred income tax assets	13	**152**	93
Other assets	8	**338**	281
Total assets		**24,236**	24,747
Liabilities			
Current liabilities			
Bank overdraft		**36**	615
Trade and other payables		**762**	737
Current taxes payable		**164**	141
Current debt	10	**871**	838
Current portion of provisions and other liabilities	11	**602**	192
		2,435	2,523
Non-current liabilities			
Debt	10	**7,452**	7,360
Provisions and other liabilities	11	**2,286**	2,172
Deferred revenue	12	**1,433**	1,421
Deferred income tax liabilities	13	**595**	609
Total liabilities		**14,201**	14,085
Equity			
Share capital	14	**5,629**	5,615
Retained earnings		**3,695**	3,880
Accumulated other comprehensive loss		**(455)**	(45)
Total equity attributable to shareholders of the Company		**8,869**	9,450
Non-controlling interests		**1,166**	1,212
Total equity		**10,035**	10,662
Total liabilities and equity		**24,236**	24,747

Approved by the Board of Directors and authorized for issue on February 16, 2021.

Simon Scott, Director

Robert Harding, Director

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

Consolidated Statements of Changes in Equity

(expressed in millions of U.S. dollars)

	Share capital	Retained earnings	Accumulated other comprehensive loss	Total equity attributable to shareholders of the Company	Non-controlling interests	Total Equity
Balance at December 31, 2019	**5,615**	**3,880**	**(45)**	**9,450**	**1,212**	**10,662**
Net loss	–	**(180)**	–	**(180)**	**(44)**	**(224)**
Other comprehensive loss	–	–	**(410)**	**(410)**	–	**(410)**
Total comprehensive loss	–	**(180)**	**(410)**	**(590)**	**(44)**	**(634)**
Share-based compensation expense	**31**	–	–	**31**	–	**31**
Acquisition of treasury shares	**(23)**	–	–	**(23)**	–	**(23)**
Net cash from share awards	**6**	–	–	**6**	–	**6**
Dividends	–	**(5)**	–	**(5)**	**(2)**	**(7)**
Balance at December 31, 2020	**5,629**	**3,695**	**(455)**	**8,869**	**1,166**	**10,035**

	Share capital	Retained earnings	Accumulated other comprehensive loss	Total equity attributable to shareholders of the Company	Non-controlling interests	Total Equity
Balance at December 31, 2018	5,592	3,942	(27)	9,507	1,215	10,722
Net earnings (loss)	–	(57)	–	(57)	6	(51)
Other comprehensive income (loss)	–	–	(18)	(18)	–	(18)
Total comprehensive income (loss)	–	(57)	(18)	(75)	6	(69)
Share-based compensation expense[1]	23	–	–	23	–	23
Dividends	–	(5)	–	(5)	(9)	(14)
Balance at December 31, 2019	5,615	3,880	(45)	9,450	1,212	10,662

1 Net of capitalized amounts

1. NATURE OF OPERATIONS

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

The Company's shares are publicly listed for trading on the Toronto Stock Exchange and has Depository Receipts listed on the Lusaka 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. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these consolidated financial statements are described below.

a) Basis of presentation

These consolidated financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS"). For these purposes, IFRS comprise the standards issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the IFRS Interpretations Committee ("IFRICs").

These consolidated financial statements have been prepared under the historical cost convention, with the exception of derivative assets and liabilities and investments which are measured at fair value.

These consolidated financial statements have been prepared on a going concern basis. In making the assessment that the Company is a going concern, management have taken into account all available information about the future, which is at least, but is not limited to, twelve months from December 31, 2020.

Following the declaration on March 11, 2020, of a pandemic by the World Health Organization, the restrictions imposed by governments around the world has had a significant impact on the global economy and commodity prices, which have impacted the Company. Expected credit losses on financial assets remain immaterial at December 31, 2020. Commodity price risk continues to be managed through the Company's hedging program (see note 24).

On July 3, 2020, the Company received notice from the Panama Ministry of Health of the lifting of the previously imposed temporary suspension of labour activities, which resulted in the operation being placed on preservation and safe maintenance in early April. The operation reached full production on the three SAG mill trains on August 8, 2020.

All of the Company's other mines continue to operate. The Company has not experienced any significant disruption to supply chains and product shipments since the onset of the COVID-19 pandemic. The Company is working to manage the logistical challenges presented by the closure of trade borders, using alternative routes where feasible. Border restrictions, if ongoing, could result in supply chain delays.

On April 22, 2020, the Company announced the amendment of financial covenants under the senior Term Loan and RCF in response to uncertainty related to COVID-19. The Net Debt to EBITDA ratio was increased and the Debt Service Cover Ratio was decreased, for the remainder of 2020 and 2021.

At December 31, 2020, the Company had $600 million of committed undrawn senior debt facilities and $914 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 December 31, 2020.

b) Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its "subsidiaries"). Control is achieved where the Company has the right to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of earnings from the effective date of acquisition or up to the effective date of disposal, as appropriate.

The principal operating subsidiaries are Kansanshi Mining Plc ("Kansanshi"), Minera Panama S.A. ("MPSA" or "Cobre Panama"), Kalumbila Minerals Limited ("Sentinel"), First Quantum Mining and Operations Limited ("FQMO"), Mauritanian Copper Mines SARL ("Guelb Moghrein"), FQM Australia Nickel Pty Limited ("Ravensthorpe"), Cobre Las Cruces S.A. ("Las Cruces"), Çayeli Bakir Isletmeleri A.S. ("Çayeli"), Pyhäsalmi Mine Oy ("Pyhäsalmi") and Metal Corp Trading AG ("Metal Corp"). The exploration subsidiaries include Minera Antares Peru S.A.C. ("Haquira") as well as the subsidiary, Corriente Argentina S.A. ("Taca Taca") which relates to the Taca Taca project. All the above operating subsidiaries are 100% owned, with the exception of Kansanshi (80%) and Cobre Panama, in which the Company holds a 90% interest, 10% of which is held indirectly through the joint venture, Korea Panama Mining Corp ("KPMC"), a jointly controlled Canadian entity acquired in November 2017.

Non-controlling interests

At December 31, 2020, ZCCM Investments Holdings Plc ("ZCCM", a Zambian government controlled entity) owned 20% of Kansanshi and KPMC owned 20% of Cobre Panama. A non-controlling interest is held by African Energy Resources Ltd, a publicly listed entity, in the Company's consolidated subsidiary, African Energy Holdings SRL.

Through the operations in Zambia and Panama, there are a number of transactions with the respective governments in the ordinary course of business, including taxes, royalties, utilities and power. The Company is limited in its ability to use the assets of Kansanshi and Cobre Panama as a result of the agreement with the other owners of these subsidiaries.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Company's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interest's share of changes in equity since the date of the combination.

c) Accounting policies

Foreign currency translation

The presentation currency and the functional currency of the Company and all of the Company's operations is the USD. The Company's foreign currency transactions are translated into USD at the rate of exchange in effect at the date of the transaction. Monetary assets and liabilities are translated using period end exchange rates with any gains and losses included in the determination of net earnings. Non-monetary assets and liabilities are translated using historical rates.

Inventories

Product inventories comprise ore in stockpiles, work in progress and finished goods. Product inventories are recorded at the lower of average cost and net realizable value. Cost includes materials, direct labour, other direct costs and production overheads and depreciation of plant, equipment and mineral properties directly involved in the mining and production processes. Costs are determined primarily on the basis of average costs for ore in stockpiles and on a first-in first-out basis for work-in-progress and finished goods.

Waste material stripping costs related to production at, or below, the life-of-phase strip ratio are inventoried as incurred, with the excess capitalized to mineral property and depreciated in future periods.

When inventories have been written down to net realizable value, a new assessment of net realizable value is made at each subsequent reporting date that the inventory is still held.

Consumable stores are valued at the lower of purchase cost and net realizable value and recorded as a current asset.

Property, plant and equipment

(i) Mineral properties and mine development costs

Exploration and evaluation costs are expensed in the period incurred. Property acquisition costs and amounts paid under development option agreements are capitalized. Development costs relating to specific properties are capitalized once management determines a property will be developed. A development decision is made based upon consideration of project economics, including future metal prices, reserves and resources, and estimated operating and capital costs. Capitalization of costs incurred and proceeds received during the development phase ceases when the property is capable of operating at levels intended by management.

Property acquisition and mine development costs, including costs incurred during the production phase to increase future output by providing access to additional reserves (deferred stripping costs), are deferred and depreciated on a units-of-production basis over the component of the reserves to which they relate.

(ii) Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation. Costs recorded for assets under construction include all expenditures incurred in connection with the development and construction of the assets. No depreciation is recorded until the assets are substantially complete and ready for productive use. Where relevant, the Company has estimated residual values on certain plant and equipment.

Property, plant and equipment are depreciated using either the straight-line or units-of-production basis over the shorter of the estimated useful life of the asset or the life of mine. Depreciation calculated on a straight-line basis is as follows for major asset categories:

Office equipment	33%
Furniture and fittings	15%
Infrastructure and buildings	2%-5%
Motor vehicles	20%-25%

Depreciation on equipment utilized in the development of assets, including open pit and underground mine development, is depreciated and recapitalized as development costs attributable to the related asset.

(iii) Borrowing costs

Borrowing costs attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the asset until such time as the asset is substantially complete and ready for its intended use or sale. Where funds have been borrowed specifically to finance an asset, the amount capitalized is the actual borrowing costs incurred. Where the funds are used to finance an asset form part of general borrowings, the amount capitalized is calculated using a weighted average of rates applicable to relevant general borrowings of the Company during the period.

Business combinations and goodwill

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company. The results of businesses acquired during the year are included in the consolidated financial statements from the effective date of when control is obtained. The identifiable assets, liabilities and contingent liabilities of the business which can be measured reliably are recorded at provisional fair values at the date of acquisition. Provisional fair values are finalized within twelve months of the acquisition date. Acquisition-related costs are expensed as incurred.

Goodwill arising in a business combination is measured as the excess of the sum of the consideration transferred and the amount of any non-controlling interest over the net identifiable assets acquired and liabilities assumed.

Asset impairment

(i) Property, plant and equipment

The Company performs impairment tests on property, plant and equipment, mineral properties and mine development costs when events or changes in circumstances occur that indicate the assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, for example due to no distinctive cashflows, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong. Cash-generating units are individual operating mines, smelters or exploration projects.

Recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value less costs of disposal is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. For mining assets this would generally be determined based on the present value of the estimated future cash flows arising from the continued development, use or eventual disposal of the asset. In assessing these cash flows and discounting them to present value, assumptions used are those that an independent market participant would consider appropriate. Value in use is the estimated future cash flows expected to arise from the continuing use of the assets in their present form and from their disposal, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in net earnings.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in net earnings immediately.

(ii) Goodwill

Goodwill arising on business combinations is allocated to each of the Company's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. Goodwill is allocated to the lowest level at which the goodwill is monitored by the Company's board of directors for internal management purposes. The recoverable amount of the cash-generating unit to which goodwill has been allocated is tested for impairment at the same time every year.

Any impairment loss is recognized in net earnings immediately. Impairment of goodwill is not subsequently reversed.

Restoration provisions

The Company recognizes liabilities for constructive or legislative and regulatory obligations, including those associated with the reclamation of mineral properties and property, plant and equipment, when those obligations result from the acquisition, construction, development or normal operation of assets. Provisions are measured at the present value of the expected expenditures required to settle the obligation using a pre-tax discount rate reflecting the time value of money and risks specific to the liability. The liability is increased for accretion expense, representing the unwinding of the discount applied to the provision, and adjusted for changes to the current market-based risk-free discount rate, and the amount or timing of the underlying cash flows needed to settle the obligation. The associated restoration costs are capitalized as part of the carrying amount of the related long-lived asset and depreciated over the expected useful life of the asset or expensed in the period for closed sites.

Revenue recognition

The Company produces copper, gold, nickel, silver and zinc products which are sold under pricing arrangements where final prices are set at a specified date based on market prices.

The Company identifies contracts with customers, the performance obligations within it, the transaction price and its allocation to the performance obligations.

Revenues are recognized when control of the product passes to the customer and are measured based on expected consideration. Control typically passes on transfer of key shipping documents which typically occurs around the shipment date.

Shipping services provided are a separate performance obligation and the revenue for these services is recognized over time. For bill-and-hold arrangements, whereby the Company invoices but retains physical possession of products, revenue recognition is also subject to the arrangement being substantive, as well as the product concerned being separately identifiable, ready for transfer and not transferable to another customer.

For provisionally priced sales, changes between the prices recorded upon recognition of revenue and the final price due to fluctuations in metal market prices result in the existence of an embedded derivative in the accounts receivable. This is recorded at fair value, with changes in fair value classified as a component of cost of sales.

The Company recognizes deferred revenue in the event it receives payments from customers before a sale meets criteria for revenue recognition. The transaction price is adjusted to reflect any significant financing component at the rate that reflects the credit characteristics of the entity receiving the financing.

Current and deferred income taxes

Tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current tax expense is calculated using income tax rates that have been enacted or substantively enacted at the balance sheet date. Periodically, the positions taken by the Company with respect to situations in which applicable tax regulation is subject to interpretation are evaluated to establish provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the liability method. Deferred income tax liabilities are generally recognized for all taxable temporary differences, and deferred income tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred income tax assets and liabilities are not recognized in respect of taxable temporary differences associated with investments in subsidiaries and associates where the timing of the reversal of the temporary differences can be controlled by the Company and it is probable that temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on income tax rates and income tax laws that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects to recover or settle the carrying amount of its assets and liabilities.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Share-based compensation

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the options. The amount recognized as an expense is adjusted to reflect the number of options for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of options that meet the related service and non-market performance conditions at the vesting date.

For share-based payment options with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The Company grants stock options under its stock option plan and performance stock units ("PSUs"), restricted stock units ("RSUs") and key restricted stock units ("KRSUs") under its long-term incentive plan to directors and employees. The Company expenses the fair value of stock options, PSUs, RSUs and KRSUs granted over the vesting period, with a corresponding increase in equity.

The fair value of stock options is determined using an option pricing model that takes into account, as of the grant date, the exercise price, the expected life of the option, the current price of the underlying stock and its expected volatility, expected dividends on the stock, and the risk-free interest rate over the expected life of the option. Cash consideration received from employees when they exercise the options is credited to capital stock.

PSUs typically vest at the end of a three-year period if certain performance and vesting criteria, based on the Company's share price performance relative to a representative group of other mining companies, have been met. The fair value of PSUs is determined using a valuation model that takes into account, as of the grant date, the expected life of the PSU, expected volatility, expected dividend yield, and the risk-free interest rate over the life of the PSU to generate potential outcomes for share prices, which are used to estimate the probability of the PSUs vesting at the end of the performance measurement period.

RSUs typically vest at the end of a three-year period and the fair value of RSUs is determined by reference to the share price of the Company at the date of grant.

KRSUs vest in tranches over a four to eight-year period and the fair value of RSUs is determined by reference to the share price of the Company at the date of grant.

Details of share-based compensation are disclosed in note 16.

Earnings per share

Earnings per share are calculated using the weighted average number of shares outstanding during the period. Shares acquired under the long-term incentive plan are treated as treasury shares and are deducted from the number of shares outstanding for the calculation of basic earnings per share. Diluted earnings per share are calculated using the treasury share method whereby all "in the money" share-based arrangements are assumed to have been exercised at the beginning of the period and the proceeds from the exercise are assumed to have been used to purchase common shares at the average market price during the period.

Financial instruments

The Company's financial instruments consist of cash and cash equivalents, bank overdrafts, restricted cash, trade and other receivables, investments, trade and other payables, derivative instruments, debt and amounts due to joint ventures.

Financial assets are classified as measured at amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit and loss ("FVTPL"). Financial liabilities are measured at amortized cost or FVTPL.

(i) Cash and cash equivalents, bank overdrafts and restricted cash

Cash and cash equivalents and bank overdrafts comprise cash at banks and on hand and other short-term investments with initial maturities of less than three months. Restricted cash comprises cash deposits used to guarantee letters of credit issued by the Company or held for escrow purposes.

Cash and cash equivalents and restricted cash are measured at amortized cost. Cash pooling arrangements are presented on a gross basis unless physical cash settlement of balances has been made at the balance sheet date.

(ii) Trade and other receivables

Provisionally priced sales included in trade and other receivables are classified as FVTPL. All other trade receivables are classified as amortized cost financial assets and are recorded at the transaction price, net of transaction costs incurred and expected credit losses.

(iii) Investments

Investments are designated as FVOCI. Fair value is determined in the manner described in note 24. Unrealized gains and losses are recognized in other comprehensive income.

(iv) Derivatives and hedging

A portion of the Company's metal sales are sold on a provisional basis whereby sales are recognized at prevailing metal prices when title transfers to the customer and final pricing is not determined until a subsequent date, typically two months later. The Company enters into derivative contracts to directly offset the exposure to final pricing adjustments on the provisionally priced sales contracts. The Company also periodically enters into derivative instruments to mitigate cash flow exposure to commodity prices, foreign exchange rates and interest rates. Derivative financial instruments, including embedded derivatives related to the provisionally priced sales contracts, are classified as fair value through profit or loss and measured at fair value as determined by active market prices and valuation models, as appropriate. Valuation models require the use of assumptions concerning the amount and timing of estimated future cash flows and discount rates. In determining these assumptions, the Company uses readily observable market inputs where available or, where not available, inputs generated by the Company. Changes in the fair value of derivative instruments are recorded in net earnings.

At the inception of a designated hedging relationship, the Company documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The time value of hedges for the year-ended December 31, 2020 of $3 million (December 31, 2019: $nil million) is also recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the Statements of Earnings within 'other income (expense)'. A loss on ineffective hedges of $30 million was recognized in the year ended December 31, 2020, of which $20 million and $10 million related to copper and nickel forwards, respectively (December 31, 2019: nil). These losses were due to the interruption to sales as a result of Cobre Panama being placed on preservation and safe maintenance in April 2020, and the timing of the restart of Ravensthorpe production, respectively. Full levels of production were resumed at Cobre Panama in August 2020.

Amounts accumulated in equity are reclassified to the Statements of Earnings in the periods when the hedged item affects net earnings.

(v) Trade and other payables, debt and amounts due to joint ventures

Trade payables, debt and amounts due to joint ventures are classified as amortized cost financial liabilities and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. For debt, any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in net earnings over the period to maturity using the effective interest rate method.

Exchanges of instruments and modifications to debt are assessed using quantitative and qualitative factors to consider whether the exchange or modification constitutes an extinguishment of the original financial liability and establishment of a new financial liability. In the case of extinguishment, any fees or costs incurred are recognized in the Statement of Earnings. Where the terms in an exchange or modification are not assessed to be substantially different, a modification gain or loss is recognized at an amount equal to the difference between the modified cash flows discounted at the original effective interest rate and the carrying value of the debt. The carrying value of the debt is adjusted for this modification gain or loss, directly attributable transaction costs, and any cash paid to or received from the debt holder.

(vi) Impairment of financial assets

Expected credit losses ("ECL") are recognized for financial assets held at amortized cost. This is based on credit losses that result from default events that are possible within a 12-month period, except for trade receivables, whose ECLs are on a simplified lifetime basis, and any financial assets for which there has been a significant increase in credit risk since initial recognition, for which ECLs over the lifetime are recognized.

Investments in joint ventures

Joint arrangements whereby joint control exists are accounted for using the equity method and presented separately in the balance sheet. The investment is initially recognized at cost and adjusted thereafter for the post-acquisition share of profit or loss. Further detail of the investment in joint venture is provided in note 9.

d) Accounting standards issued but not yet effective

Standards and interpretations issued but not yet effective up to the date of issuance of the financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date.

Interest Rate Benchmark Reform – IBOR 'phase 2' (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

- Effective on January 1, 2021, Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform. The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform (IBOR). A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. The Senior debt facility and the Kalumbila term loan are subject to USD LIBOR and will be impacted by IBOR reform.

Amendments to IAS 16, Property, Plant and Equipment—Proceeds before Intended Use

- Effective on January 1, 2022, the amendments to IAS 16 require that entities are no longer able to deduct the net proceeds from selling any items from an asset's carrying amount before it is capable of operating in the manner intended by management. Instead, the proceeds should be recognized in accordance with applicable standards and in particular applying the measurement requirements of IAS 2 for the cost of those items. The Amendments to IAS 16 may impact the Company's development projects.

Annual Improvements to IFRS Standards 2018-2020 Cycle- Amendments to IFRS 1 First-time Adoption of International Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture

- Effective on January 1, 2022, the amendments include an update to IFRS 9 regarding fees included in the quantitative test used to determine whether an exchange of debt instruments or modification of terms is accounted for as an extinguishment or a modification. The fees are to include only fees paid or received between the borrower and lender or received by either the borrower or lender on the other's behalf. The Company regularly reviews its financing arrangements and further modifications or exchanges will be assessed under the updated quantitative test.

3. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Many of the amounts disclosed in the financial statements involve the use of judgments, estimates and assumptions. These judgments and estimates are based on management's knowledge of the relevant facts and circumstances at the time, having regard to prior experience, and are continually evaluated.

(i) Significant judgments

- Determination of ore reserves and resources

  Judgments about the amount of product that can be economically and legally extracted from the Company's properties are made by management using a range of geological, technical and economic factors, history of conversion of mineral deposits to proven and probable reserves as well as data regarding quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates. This process may require complex and difficult geological judgments to interpret the data. The Company uses qualified persons (as defined by the Canadian Securities Administrators' National Instrument 43-101) to compile this data.

Changes in the judgments surrounding ore reserves and resources may impact the carrying value of property, plant and equipment (note 6), restoration provisions included in provisions and other liabilities (note 11), recognition of deferred income tax amounts (note 13) and depreciation (note 6).

Achievement of commercial production

Once a mine or smelter reaches the operating levels intended by management, depreciation of capitalized costs begins. Significant judgment is required to determine when certain of the Company's assets reach this level.

Management considers several factors, including, but not limited to the following:

- completion of a reasonable period of commissioning;
- consistent operating results achieved at a pre-determined level of design capacity and indications exist that this level will continue;
- mineral recoveries at or near expected levels;
- and the transfer of operations from development personnel to operational personnel has been completed.

Taxes

Judgment is required in determining the recognition and measurement of deferred income tax assets and liabilities on the balance sheet. In the normal course of business, the Company is subject to assessment by taxation authorities in various jurisdictions. These authorities may have different interpretations of tax legislation or tax agreements than those applied by the Company in computing current and deferred income taxes. These different judgments may alter the timing or amounts of taxable income or deductions. The final amount of taxes to be paid or recovered depends on a number of factors including the outcome of audits, appeals and negotiation. Amounts to be recovered and the timings of recoveries with respect to indirect taxes, such as VAT, are subject to judgment which, in the instance of a change of circumstances, could result in material adjustments.

The Company operates in a specialized industry and in a number of tax jurisdictions. As a result, its income is subject to various rates of taxation. The breadth of its operations and the global complexity and interpretation of tax regulations require assessment and judgement of uncertainties and of the taxes that the Company will ultimately pay. These are dependent on many factors, including negotiations with tax authorities in various jurisdictions, outcomes of tax litigation and resolution of disputes. The resolution of these uncertainties may result in adjustments to the Company's tax assets and liabilities.

Management assesses the likelihood and timing of taxable earnings in future periods in recognizing deferred income tax assets on unutilized tax losses. Future taxable income is based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. Forecast cash flows are based on life of mine projections.

To the extent that future cash flows and taxable income differ significantly from forecasts, the ability of the Company to realize the net deferred income tax assets recorded at the balance sheet date could be impacted. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods from deferred income tax assets are disclosed in note 13.

Precious metal stream arrangement

On October 5, 2015, the Company finalized an agreement with Franco-Nevada Corporation ("Franco-Nevada") for the delivery of precious metals from the Cobre Panama project. Franco-Nevada have provided $1 billion deposit to the Cobre Panama project against future deliveries of gold and silver produced by the mine. A further agreement was completed on March 26, 2018, with an additional $356 million received from Franco-Nevada.

Management has determined that under the terms of the agreements the Company meets the 'own-use' exemption criteria under *IFRS 9: Financial Instruments*. The Company also retains significant business risk relating to the operation of the mine and as such has accounted for the proceeds received as deferred revenue.

Management has exercised judgement in determining the appropriate accounting treatment for the Franco-Nevada streaming agreements. Management has determined, with reference to the agreed contractual terms in conjunction with the Cobre Panama reserves and mine plan, that funds received from Franco-Nevada constitute a prepayment of revenues deliverable from future Cobre Panama production.

Assessment of impairment indicators

Management applies significant judgement in assessing the cash-generating units and assets for the existence of indicators of impairment at the reporting date. Internal and external factors are considered in assessing whether indicators of impairment are present that would necessitate impairment testing. Significant assumptions regarding commodity prices, production, operating costs, capital expenditures and discount rates are used in determining whether there are any indicators of impairment. These assumptions are reviewed regularly by senior management and compared, where applicable, to relevant market consensus views.

The Company's most significant CGUs are longer-term assets and therefore their value is assessed on the basis of longer-term pricing assumptions. Shorter-term assets are more sensitive to short term commodity prices assumptions that are used in the review of impairment indicators.

The carrying value of property, plant and equipment and goodwill at the balance sheet date is disclosed in note 6 and note 7 respectively, and by mine location in note 23.

Asset impairments are disclosed in note 20.

(ii) Significant accounting estimates

Estimates are inherently uncertain and therefore actual results may differ from the amounts included in the financial statements, potentially having a material future effect on the Company's consolidated financial statements. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Determination of ore reserves and life of mine plan

Reserves are estimates of the amount of product that can be economically and legally extracted from the Company's properties. Estimating the quantity and/or grade of reserves requires the size, shape and depth of ore bodies or fields to be determined by analyzing geological data such as drilling samples. Following this, the quantity of ore that can be extracted in an economical manner is calculated using data regarding the life of mine plans and forecast sales prices (based on current and long-term historical average price trends).

The majority of the Company's property, plant and equipment are depreciated over the estimated lives of the assets on a units-of-production basis. The calculation of the units-of-production rate, and therefore the annual depreciation expense could be materially affected by changes in the underlying estimates which are driven by the life of mine plans. Changes in estimates can be the result of actual future production differing from current forecasts of future production, expansion of mineral reserves through exploration activities, differences between estimated and actual costs of mining and differences in the commodity prices used in the estimation of mineral reserves.

Management made significant estimates of the strip ratio for each production phase. Waste material stripping costs in excess of this ratio, and from which future economic benefit will be derived from future access to ore, will be capitalized to mineral property and depreciated on a units-of-production basis.

Changes in the proven and probable reserves estimates may impact the carrying value of property, plant and equipment (note 6), restoration provisions (note 11), recognition of deferred income tax amounts (note 13) and depreciation (note 6).

Review of asset carrying values and impairment charges

Management's determination of recoverable amounts includes estimates of mineral prices, recoverable reserves, and operating, capital and restoration costs are subject to certain risks and uncertainties that may affect the recoverability of mineral property costs. The calculation of the recoverable amount can also include assumptions regarding the appropriate discount rate and inflation and exchange rates. Although management has made its best estimate of these factors, it is possible that changes could occur in the near term that could adversely affect management's estimate of the net cash flow to be generated from its projects.

Estimation of the amount and timing of restoration and remediation costs

Accounting for restoration provisions requires management to make estimates of the future costs the Company will incur to complete the restoration and remediation work required to comply with existing laws, regulations and agreements in place at each mining operation and any environmental and social principles the Company is in compliance with. The calculation of the present value of these costs also includes assumptions regarding the timing of restoration and remediation work, applicable risk-free interest rate for discounting those future cash outflows, inflation and foreign exchange rates. Actual costs incurred may differ from those amounts estimated. Also, future changes to environmental laws and regulations could increase the extent of restoration work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for restoration. A 10% increase in costs would result in an increase to restoration provisions of $81 million at December 31, 2020.

The provision represents management's best estimate of the present value of the future restoration and remediation costs. The actual future expenditures may differ from the amounts currently provided; any increase in future costs could materially impact the amounts included in the liability disclosed in the consolidated balance sheet. The carrying amount of the Company's restoration provision is disclosed in note 11c.

Estimation and assumptions relating to the timing of VAT receivables in Zambia

In addition to the recoverability of VAT receivables being a key judgment, certain assumptions are determined by management in calculating the adjustment for expected phasing of VAT receipts. In assessing the expected phasing adjustment, management considers publicly available information with respect to the fiscal situation in Zambia as well as the level of refunds and offsets provided historically, and a Zambian risk-free rate is then applied to calculate the phasing adjustment. Changes to the timings could materially impact the amounts charged to finance costs. The impact of repayments being one year later than estimated at December 31, 2020, would lead to a decrease to the carrying value and an increase to finance costs of $36 million. The carrying amount of the Company's VAT receivables is disclosed in note 4b.

4. TRADE RECEIVABLES

a) Trade and other receivables

	December 31, 2020	December 31, 2019
Trade receivables	**583**	369
VAT receivable (current)	**13**	20
Other receivables	**141**	123
	737	512

b) VAT receivable

	December 31, 2020	December 31, 2019
Kansanshi Mining PLC	**178**	233
Kalumbila Minerals Limited	**154**	141
First Quantum Mining and Operations Limited (Zambia)	**17**	24
VAT receivable from the Company's Zambian operations	**349**	398
Cobre Las Cruces SA	**7**	10
Çayeli Bakır İşletmeleri A.Ş.	**4**	5
Other	**2**	3
Total VAT receivable	**362**	416
Less: current portion, included within trade and other receivables	**(13)**	(20)
Non-current VAT receivable	**349**	396

c) VAT receivable by the Company's Zambian operations

	December 31, 2020	December 31, 2019
Receivable at date of claim	**855**	847
Impact of depreciation of Zambian kwacha against U.S. dollar[1]	**(379)**	(242)
	476	605
Adjustment for expected phasing for non-current portion[2]	**(127)**	(207)
Total receivable	**349**	398
Consisting:		
Current portion, included within trade and other receivables	**–**	2
Non-current VAT receivable	**349**	396

1 The impact of depreciation of the Zambian kwacha against the U.S. dollar in the year ended December 31, 2020 on the Company's Zambian operations VAT receivable is included within other expense in the Statement of Earnings (Loss).

2 The adjustment for expected phasing of $80 million has been recognized in the year-ended December 31, 2020, (year-ended December 31, 2019: $182 million charge), representing the expected phasing of the Zambian VAT receivable. Discussions with the relevant government authorities are ongoing and management continues to consider that the outstanding VAT claims are fully recoverable.

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

	< 1 year	1-3 years	3-5 years	5-8 years	Total
Receivable at date of claim [1]	167	373	107	208	855
Impact of depreciation of Zambian kwacha against U.S. dollar	(24)	(154)	(59)	(142)	(379)
Non-current VAT due	143	219	48	66	476
Adjustment for expected phasing	(36)	(60)	(13)	(18)	(127)
Total VAT receivable from Zambian operations	107	159	35	48	349

1 The movement in VAT receivable at date of claim is net of offsets and cash receipts received in the year-ended December 31, 2020, of $110 million and $1 million (year-ended December 31, 2019, $8 million and $3 million).

5. INVENTORIES

	December 31, 2020	December 31, 2019
Ore in stockpiles	**196**	267
Work-in-progress	**29**	27
Finished product	**313**	284
Total product inventory	**538**	578
Consumable stores	**795**	789
	1,333	1,367

6. 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 January 1, 2020	**10,802**	**851**	**7,182**	**1,137**	**19,972**
Additions	**–**	**605**	**–**	**–**	**605**
Disposals	**(17)**	**–**	**–**	**–**	**(17)**
Transfers between categories	**340**	**(652)**	**302**	**10**	**–**
Restoration provision (note 11c)	**–**	**–**	**107**	**–**	**107**
Depreciation charge (note 18)	**(847)**	**–**	**(352)**	**–**	**(1,199)**
Net book value, as at December 31, 2020	**10,278**	**804**	**7,239**	**1,147**	**19,468**
Cost	**15,627**	**804**	**9,470**	**1,147**	**27,048**
Accumulated depreciation	**(5,349)**	**–**	**(2,231)**	**–**	**(7,580)**

			Mineral properties and mine development costs		
	Plant and equipment	Capital work-in-progress	Operating mines	Development projects	Total
Net book value, as at January 1, 2019	4,634	10,125	2,097	2,242	19,098
Change in accounting policy – IFRS 16	20	–	–	–	20
Additions	–	1,274	–	–	1,274
Disposals	(32)	–	–	–	(32)
Impairments (note 20)	(76)	–	(25)	–	(101)
Transfers between categories	6,897	(11,097)	5,305	(1,105)	–
Restoration provision (note 11c)	–	–	96	–	96
Capitalized interest (note 21)	–	549	–	–	549
Depreciation charge (note 18)	(641)	–	(291)	–	(932)
Net book value, as at December 31, 2019	10,802	851	7,182	1,137	19,972
Cost	15,371	851	9,061	1,137	26,420
Accumulated depreciation	(4,569)	–	(1,879)	–	(6,448)

Following declaration of commercial production at Cobre Panama on September 1, 2019, capitalization of qualifying finance costs ceased. During the year ended December 31, 2020, no interest (December 31, 2019: $549 million) was capitalized relating to the development of Cobre Panama. The amount capitalized to December 31, 2019, was determined by applying the weighted average cost of borrowings of 6.8% to the accumulated qualifying expenditures.

Included within capital work-in-progress and mineral properties – operating mines at December 31, 2020, is an amount of $720 million related to capitalized deferred stripping costs (December 31, 2019: $682 million).

7. GOODWILL

Goodwill of $237 million arose through the acquisition of Inmet Mining Corporation ("Inmet") in 2013 after the application of IAS 12 – Income taxes, due to the requirement to recognize a deferred tax liability calculated as the tax effect of the difference between the fair value of the assets acquired and their respective tax bases. Goodwill is not deductible for tax purposes. The goodwill was assigned to the Cobre Panama cash-generating unit.

The carrying value of the Cobre Panama cash-generating unit at December 31, 2020, was $10,473 million inclusive of deferred revenue (December 31, 2019: $10,611 million).

The annual impairment test has been performed at December 31, 2020. For the purposes of the goodwill impairment test, the recoverable amount of the Cobre Panama cash-generating unit has been determined using a fair value less costs of disposal calculation based on a discounted cash flow model over a period of 34 years, which uses a post-tax discount rate, taking account of assumptions that would be made by market participants. The future cash flows used in this model are inherently uncertain and could materially change over time as a result of changes to the following key assumptions which included: ore reserves and resources estimates, commodity prices, discount rates, future production costs and future capital expenditure. Reserves and resources are estimated based on the National Instrument 43-101 compliant report produced by qualified persons. The production profile used in the cash flow model is consistent with the reserves and resource volumes approved as part of the Company's process for the estimation of proven and probable reserves. Such production volumes are dependent on a number of variables, including the recovery of metal from the ore, production costs, duration of mining rights, and the selling price of extracted minerals. Commodity prices are management's estimates of the views of market participants, including a long-term copper price of $3.00 per lb. The estimates are derived from the median of consensus forecasts. A nominal discount rate of 9.0% (December 31, 2019: 9.5%) has been applied to future cash flows, derived from Cobre Panama's weighted average cost of capital (in nominal terms). Future production costs and future capital expenditure are based on the latest available engineering reports and are consistent with technical reports prepared in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects. The measurement is classified as level 3 in the fair value hierarchy (see note 24).

The calculated recoverable amount of the cash-generating unit exceeds the carrying value of Cobre Panama at December 31, 2020, and therefore no impairment charge has been recognized.

8. OTHER ASSETS

	December 31, 2020	December 31, 2019
Prepaid expenses	**110**	142
KPMC shareholder loan	**292**	246
Other investments	**16**	19
Derivative instruments (note 24)	**8**	9
Total other assets	**426**	416
Less: current portion of other assets	**(88)**	(135)
	338	281

9. 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 Resources Corporation ("KORES") 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. Consideration of $100 million was paid in the year ended December 31, 2020 (year ended December 31, 2019: $100 million). The remaining consideration is payable in November 2021.

A $544 million investment in the joint venture representing the discounted consideration value and the Company's proportionate share of the loss in KPMC of $45 million (note 22) is recognized. For the year ended December 31, 2020, the loss attributable to KPMC was $90 million (December 31, 2019: $22 million). The loss in KPMC relates to the 20% equity accounted share of loss reported by MPSA, a subsidiary of the Company. The material assets and liabilities of KPMC are an investment in MPSA of $269 million, shareholder loans receivable from the Company (note 11b) and shareholder loans payable of $1,327 million due to the Company and its joint venture partner KORES.

10. DEBT

		December 31, 2020	December 31, 2019
Drawn debt			
Senior notes:			
First Quantum Minerals Ltd. 7.00% due February 2021	(a)	**–**	298
First Quantum Minerals Ltd. 7.25% due May 2022	(b)	**–**	846
First Quantum Minerals Ltd. 7.25% due April 2023	(c)	**1,599**	1,093
First Quantum Minerals Ltd. 6.50% due March 2024	(d)	**845**	843
First Quantum Minerals Ltd. 7.50% due April 2025	(e)	**1,346**	1,091
First Quantum Minerals Ltd. 6.875% due March 2026	(f)	**993**	991
First Quantum Minerals Ltd. 6.875% due October 2027	(g)	**1,487**	–
First Quantum Minerals Ltd. senior debt facility	(h)	**1,632**	2,422
Kalumbila term loan	(i)	**110**	341
Trading facilities	(j)	**311**	262
Equipment financing	(k)	**–**	11
Total debt		**8,323**	8,198
Less: current maturities and short term debt		**(871)**	(838)
		7,452	7,360
Undrawn debt			
First Quantum Minerals Ltd. senior debt facility	(h)	**600**	250
Trading facilities	(j)	**129**	138

The movement in total debt of $125 million is inclusive of deferred charges that are consequently not reflected in financing activities in the Consolidated Statement of Cash Flows.

a) First Quantum Minerals Ltd. 7.00% due February 2021

The notes were part of the senior obligations of the Company and were guaranteed by certain of the Company's subsidiaries. Interest was payable semi-annually.

The Company could redeem some or all of the notes at any time on or after February 15, 2018, at redemption prices ranging from 103.5% in the first year to 100% in the final year, plus accrued interest. Although part of this redemption feature indicated the existence of an embedded derivative, the value of this derivative was not significant.

The Company was subject to certain restrictions on asset sales, payments, and incurrence of indebtedness and issuance of preferred stock.

In March 2019, the Company made a partial redemption of $821 million of the notes at a redemption price of 101.75%. The redemption premium is presented within cash flows from financing activities in the Statement of Cash Flows. The loss arising from the partial redemption of senior notes of $25 million has been recognized in earnings before income taxes in the Statement of Earnings.

On January 16, 2020, the Company issued a notice of redemption of the remaining 2021 Notes. The 2021 Notes were redeemed at 100% of the principal amount, plus accrued and unpaid interest to the redemption date on February 15, 2020.

b) First Quantum Minerals Ltd. 7.25% due May 2022

The notes were part of the senior obligations of the Company and were guaranteed by certain of the Company's subsidiaries. Interest was payable semi-annually.

The Company could redeem some or all of the notes at any time on or after May 15, 2017 at redemption prices ranging from 105.438% in the first year to 100% from 2020, plus accrued interest. Although part of this redemption feature indicated the existence of an embedded derivative, the value of this derivative was not significant.

The Company was subject to certain restrictions on asset sales, payments, and incurrence of indebtedness and issuance of preferred stock.

On September 18, 2020, the Company issued a notice of redemption of the remaining 2022 Notes. The Notes were redeemed at 100% of the principal amount, plus accrued and unpaid interest, to the redemption date on October 19, 2020, the next business day following the redemption date.

c) First Quantum Minerals Ltd. 7.25% due April 2023

The notes are part of the senior obligations of the Company and are guaranteed by certain of the Company's subsidiaries. Interest is payable semi-annually.

The Company and its subsidiaries are subject to certain restrictions on asset sales, payments, incurrence of indebtedness and issuance of preferred stock.

On January 13, 2020, the Company issued an additional $500 million of 2023 Notes priced at 102.50%. The new Notes represent an additional offering of the Company's existing 2023 Notes, issued under the same indentures.

The Company may redeem some or all of the notes at any time on or after April 1, 2020, at redemption prices ranging from 103.625% in the first year to 100% in the final year, plus accrued interest. Although part of this redemption feature indicates the existence of an embedded derivative, the value of this derivative is not significant.

d) First Quantum Minerals Ltd. 6.50% due March 2024

In February 2018, the Company issued $850 million in senior notes due in 2024, bearing interest at an annual rate of 6.50%. The Company and its subsidiaries are subject to certain restrictions on asset sales, payments, incurrence of indebtedness and issuance of preferred stock.

The notes are part of the senior obligations of the Company and are guaranteed by certain subsidiaries of the Company. Interest is payable semi-annually.

The Company may redeem some or all of the notes at any time on or after September 1, 2020, at redemption prices ranging from 103.25% in the first year to 100% from September 2022, plus accrued interest. Prior to September 1, 2020, the Company may redeem up to 35% of the principal amount of notes, in an amount not greater than the net proceeds of certain equity offerings, at a redemption price of 106.50% plus accrued interest. Although part of this redemption feature indicated the existence of an embedded derivative, the value of this derivative is not significant.

e) First Quantum Minerals Ltd. 7.50% due April 2025

The notes are part of the senior obligations of the Company and are guaranteed by certain subsidiaries of the Company. Interest is payable semi-annually.

The Company may redeem some or all of the notes at any time on or after April 1, 2020, at redemption prices ranging from 105.625% in the first year to 100% from 2023, plus accrued interest. Although part of this redemption feature indicates the existence of an embedded derivative, the value of this derivative is not significant. Prior to April 1, 2020, the notes may be redeemed at 100% plus a make-whole premium, and accrued interest. In addition, until April 1, 2020, the Company may redeem up to 35% of the principal amount of notes, in an amount not greater than the net proceeds of certain equity offerings, at a redemption price of 107.50% plus accrued interest.

The Company and its subsidiaries are subject to certain restrictions on asset sales, payments, incurrence of indebtedness and issuance of preferred stock.

On January 13, 2020, the Company issued an additional $250 million of 2025 Notes priced at 103.00%. The Notes represent an additional offering of the Company's existing 2025 Notes, issued under the same indentures.

f) First Quantum Minerals Ltd. 6.875% due March 2026

In February 2018, the Company issued $1 billion in senior notes due in 2026, bearing interest at an annual rate of 6.875%. The Company and its subsidiaries are subject to certain restrictions on asset sales, payments, incurrence of indebtedness and issuance of preferred stock.

The notes are part of the senior obligations of the Company and are guaranteed by certain subsidiaries of the Company. Interest is payable semi-annually.

The Company may redeem some or all of the notes at any time on or after March 1, 2021, at redemption prices ranging from 105.156% in the first year to 100% from 2024, plus accrued interest. In addition, until March 1, 2021, the Company may redeem up to 35% of the principal amount of notes, in an amount not greater than the net proceeds of certain equity offerings, at a redemption price of 106.875% plus accrued interest. Although part of this redemption feature indicates the existence of an embedded derivative, the value of this derivative is not significant.

g) First Quantum Minerals Ltd. 6.875% due October 2027

On September 17, 2020, the Company announced the offering and pricing of $1,500 million of 6.875% Senior Notes due 2027 at an issue price of 100.00%. Settlement took place on October 1, 2020. The Company and its subsidiaries are subject to certain restrictions on asset sales, payments, incurrence of indebtedness and issuance of preferred stock.

The notes are part of the senior obligations of the Company and are guaranteed by certain subsidiaries of the Company. Interest is payable semi-annually.

The Company may redeem some or all of the notes at any time on or after October 15, 2023, at redemption prices ranging from 103.44% in the first year to 100% from October 2025, plus accrued interest. In addition, until October 15, 2023, the Company may redeem up to 35% of the principal amount of notes, in an amount not greater than the net proceeds of certain equity offerings, at a redemption price of 106.875% plus accrued interest. Although part of this redemption feature indicates the existence of an embedded derivative, the value of this derivative is not significant.

h) First Quantum Minerals Ltd. senior debt facility

On February 6, 2019, the Company signed a Term Loan and Revolving Credit Facility ("RCF", together "The 2019 Facility") replacing the previous $1.5 billion RCF, which was extinguished with no extinguishment gain or loss. The 2019 Facility has an accordion feature to increase it to $3.0 billion before the end of June 2020 and comprises a $1.5 billion Term Loan Facility and a $1.2 billion RCF (which can be upsized to $1.5 billion if the accordion feature is activated), maturing on December 31, 2022. Interest is charged at LIBOR plus a margin. This margin can change relative to certain financial ratios of the Company.

Transaction costs for the new facilities have been deducted from the principal drawn on initial recognition.

At December 31, 2020, $600 million of the RCF has been drawn, leaving $600 million available for the Company to draw.

i) Kalumbila term loan

On February 5, 2018, Kalumbila Minerals Limited, the owner of the Sentinel copper mine, signed a $230 million unsecured term loan facility (the "Kalumbila Facility") with an initial termination date of December 31, 2020 (with the right of Kalumbila Minerals Limited to request an extension of one or two years subject to lender consent). The facility was upsized to $400 million in March 2018 in accordance with the accordion feature of the facility agreement. Repayments on the facility commenced in December 2019, with a repayment of $57 million and a further repayment of the same amount in June 2020.

This loan was partly repaid on November 27, 2020, with $175 million repaying in full or part, the existing lenders, and a reduced commitment of $111 million agreed. While the termination date is December 31, 2021, Kalumbila Minerals Limited has the right to request an extension of one further year, subject to lender consent. The full principal outstanding at December 31, 2020, $111 million, is due within 12 months.

j) Trading facilities

The Company's metal marketing division has five uncommitted borrowing facilities totalling $440 million. The facilities are used to finance purchases and the term hedging of copper, gold and other metals, undertaken by the metal marketing division. Interest on the facilities is calculated at the bank's benchmark rate plus a margin. The loans are collateralized by physical inventories.

k) Equipment financing

In April 2014, Sentinel entered into an agreement with Caterpillar Financial Services Corporation ("Caterpillar") to finance equipment purchases up to $102 million. The agreement was secured by equipment that was purchased from Caterpillar, incurs interest at LIBOR plus a margin and amounts were repayable over a period to December 2020.

In March 2020, the financing arrangement with Caterpillar Financial Services Corporation was fully repaid and cancelled.

11. PROVISIONS AND OTHER LIABILITIES

a) Provisions and other liabilities

	December 31, 2020	December 31, 2019
Amount owed to joint venture (note 11b) [1]	**1,327**	1,238
Restoration provisions (note 11c)	**821**	699
Derivative instruments (note 24)	**452**	31
Non-current consideration for acquisition of joint venture [2] (note 9)	**–**	82
Leases	**30**	36
Retirement provisions	**50**	40
Deferred revenue (note 12)	**91**	95
Other deferred revenue	**22**	31
Other	**95**	112
Total other liabilities	**2,888**	2,364
Less: current portion	**(602)**	(192)
	2,286	2,172

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

2 The current portion of the consideration for acquisition of joint venture of $100 million (December 31, 2019: $100 million) has been included in trade and other payables.

b) Amount owed to joint venture

	December 31, 2020	December 31, 2019
Balance at the beginning of the year	**1,238**	946
Repayment of interest	**(54)**	–
Funding provided to MPSA for the development of Cobre Panama	**28**	190
Interest accrued	**115**	102
Balance at end of year due to KPMC	**1,327**	1,238

In September 2013, the Company and KPMC entered into a shareholder loan agreement with Minera Panama S.A. ("MPSA") for development of the Cobre Panama project, in which KPMC is a 20% shareholder. Interest is calculated semi-annually at an annual rate of 9%. In November 2017, the Company acquired a 50% interest in KPMC from LS-Nikko Copper Inc. inclusive of the above shareholder loans. The assets and liabilities of KPMC are an investment in MPSA, a subsidiary of the Company, a loan receivable from MPSA, and loans due to shareholders. Interest income and expense earned on these loans are on the same terms.

Following completion of the additional precious metal streaming agreement with Franco Nevada, the receipt of $356 million proceeds by MPSA was used entirely to repay shareholder loans by MPSA to KPMC. Of this $356 million shareholder loan repayment, $178 million was received by the Company.

As at December 31, 2020, the accrual for interest payable is $387 million (December 31, 2019: $326 million) and is included in the carrying value of the amount owed to the joint venture. Amounts due to KPMC are specifically excluded from the calculation of net debt as defined under the Company's banking covenant ratios.

c) Restoration provisions

The Company has restoration and remediation obligations associated with its operating mines, processing facilities, closed sites and development projects. The following table summarizes the movements in the restoration provisions:

	2020	2019
As at January 1	**699**	585
Changes in estimate – operating sites (note 6)	**107**	96
Changes in estimate – closed sites (note 22)	**–**	8
Other adjustments	**4**	(4)
Accretion expense (note 21)	**11**	14
As at December 31	**821**	699
Less: current portion	**(5)**	(4)
	816	695

The Company has issued letters of credit which are guaranteed by cash deposits, classified as restricted cash on the balance sheet at December 31, 2020, totalling $12 million (December 31, 2019: $10 million).

The restoration provisions have been recorded initially as a liability based on management's best estimate of cash flows, using a risk-free discount rate between 0.2% and 1.7% and an inflation factor between 1.5% and 7.0%. Reclamation activity is expected to occur over the life of each of the operating mines, a period of up to 34 years, with the majority payable in the years following the cessation of mining operations.

12. DEFERRED REVENUE

	December 31, 2020	December 31, 2019
Balance at the beginning of the year	**1,516**	1,490
Accretion of finance costs	**64**	64
Amortization of gold and silver revenue	**(56)**	(38)
Balance at the end of the year	**1,524**	1,516
Less: current portion (included within provisions and other liabilities)	**(91)**	(95)
Non-current deferred revenue	**1,433**	1,421

Franco-Nevada precious metal stream arrangement

The Company, through its subsidiary, MPSA, has a precious metal streaming arrangement with Franco-Nevada. The arrangement comprises two tranches. Under the first phase of deliveries under the first tranche ("Tranche 1") Cobre Panama will supply Franco-Nevada 120 ounces of gold and 1,376 ounces of silver for each 1 million pounds of copper produced, deliverable within 5 days of eligible copper concentrate sales. Under the first phase of deliveries under the second tranche ("Tranche 2") Cobre Panama will supply Franco-Nevada a further 30 ounces of gold and 344 ounces of silver for each 1 million pounds of copper produced, deliverable within 5 days of eligible copper concentrate sales.

Tranche 1 was finalized on October 5, 2015 which provided for $1 billion of funding to the Cobre Panama project. Under the terms of Tranche 1, Franco-Nevada, through a wholly owned subsidiary, agreed to provide a $1 billion deposit to be funded on a pro-rata basis of 1:3 with the Company's 80% share of the capital costs of Cobre Panama in excess of $1 billion. The full Tranche 1 deposit amount has been fully funded to MPSA. Tranche 2 was finalized on March 16, 2018, and $356 million was received on completion. Proceeds received under the terms of the precious metals streaming arrangement are accounted for as deferred revenue.

The amount of precious metals deliverable under both tranches is indexed to total copper-in-concentrate sold by Cobre Panama. Under the terms of Tranche 1 the ongoing payment of the Fixed Payment Stream is fixed per ounce payments of $437.37 per oz gold and $6.56 per oz silver subject to an annual inflation adjustment for the first 1,341,000 ounces of gold and 21,510,000 ounces of silver (approximately the first 20 years of expected deliveries). Thereafter the greater of $437.37 per oz for gold and $6.56 per oz for silver, subject to an adjustment for inflation, and one half of the then prevailing market price. Under Tranche 2 the ongoing price per ounce for deliveries is 20% of the spot price for the first 604,000 ounces of gold and 9,618,000 ounces of silver (approximately the first 25 years of production), and thereafter the price per ounce rises to 50% of the spot price of gold and silver.

In all cases, the amount paid is not to exceed the prevailing market price per ounce of gold and silver.

The Company commenced the recognition of delivery obligations under the terms of the arrangement in June 2019 following the first sale of copper concentrate. Deferred revenue will continue to be recognized as revenue over the life of the mine, which is expected to be 34 years. The Company uses refinery-backed credits as the mechanism for satisfying its delivery obligations under the arrangement. In the year ended December 31, 2020, $129 million was recognized in cost of sales, in the year ended December 31, 2019, $44 million.

13. INCOME TAX EXPENSE

The significant components of the Company's income tax expense are as follows:

	2020	2019
Current income tax expense	**334**	270
Deferred income tax credit	**(78)**	(200)
	256	70

The income taxes shown in the consolidated statements of earnings differ from the amounts obtained by applying statutory rates to the earnings before income taxes due to the following:

	2020		2019	
	Amount $	**%**	Amount $	%
Earnings before income taxes	**32**		19	
Income tax expense at Canadian statutory rates	**9**	**27**	5	27
Difference in foreign tax rates	**(5)**	**(16)**	1	5
Non-deductible expenses	**114**	**356**	46	242
Losses not recognized	**172**	**538**	32	168
Impact of foreign exchange and other	**(34)**	**(106)**	(14)	(74)
Income tax expense	**256**	**800**	70	369

Losses not recognized consist largely of hedge losses and financing costs incurred in Canada, where such losses cannot be used to offset operating income in other countries.

The deferred income tax assets and liabilities included on the balance sheet are as follows:

	December 31, 2020	December 31, 2019
Deferred income tax assets	**152**	93
Deferred income tax liabilities	**(595)**	(609)
	(443)	(516)

The significant components of the Company's deferred income taxes are as follows:

	2020	2019
Temporary differences relating to property, plant and equipment	**(1,198)**	(1,353)
Unused operating losses	**438**	554
Temporary differences relating to non-current liabilities (including restoration provisions)	**120**	112
Temporary differences relating to inventory	**23**	11
Unrealized foreign exchange loss and discounting on Zambian VAT receivable	**148**	134
Other	**26**	26
Net deferred income tax liabilities	**(443)**	(516)

The Company believes that it is probable that the results of future operations will generate sufficient taxable income to realize the above noted deferred income tax assets.

The Company has unrecognized deductible temporary differences relating to operating loss carryforwards that may be available for tax purposes in Canada totalling $4,101 million (December 31, 2019: $3,659 million) expiring between 2025 and 2040, and in the United States of America totalling $19 million (December 31, 2019: $22 million) expiring between 2021 and 2038.

The Company also has unrecognized deductible temporary differences relating to restoration provisions of $70 million in Canada (December 31, 2019: $57 million) and $37 million in Finland (December 31, 2019: $33 million).

The Company has non-Canadian resident subsidiaries that have undistributed earnings of $3,737 million (December 31, 2019: $3,458 million). These undistributed earnings are not expected to be repatriated in the foreseeable future and the Company has control over the timing of such, therefore taxes that may apply on repatriation have not been provided for.

14. SHARE CAPITAL

a) Common shares

Authorized

Unlimited common shares without par value

Issued

	Number of shares (000's)
Balance as at December 31, 2019	689,401
Shares issued through Dividend Reinvestment Plan	10
Shares issued through Share Option Plan	906
Balance as at December 31, 2020	690,317

The balance of share capital at December 31, 2020 was $5,642 million (December 31, 2019: $5,642 million).

On January 6, 2020, the Company announced adoption of a Shareholders Rights Plan. The Shareholders Rights Plan ("the Rights Plan") applies in the event of any person or persons acting in concert having beneficial ownership of 20 per cent or more of the Company's outstanding common shares without having complied with bid provisions under the Rights Plan. In the occurrence of such an event, each outstanding common share has a right attached to it to purchase additional common shares of the Company, at a substantial discount to the then market price.

b) Treasury shares

The Company established an independent trust to purchase, on the open market, the common shares pursuant to the long-term incentive plan (note 16a). The Company consolidates the trust as it is subject to control by the Company. Consequently, shares purchased by the trust to satisfy obligations under the long-term incentive plan are recorded as treasury shares in shareholders' equity. Generally, dividends received on shares held in the trust will be paid to plan participants in cash as received.

	Number of shares (000's)
Balance as at January 1, 2019	4,153
Shares purchased	–
Shares vested	(1,791)
Balance as at December 31, 2019	2,362
Shares purchased	1,618
Shares vested	(1,792)
Balance as at December 31, 2020	2,188

The balance of shares held in the trust as at December 31, 2020 was $114 million (December 31, 2019: $114 million).

c) Dividends

On February 16, 2021, the Company declared a final dividend of CDN$0.005 per share, in respect of the financial year ended December 31, 2020 (February 13, 2020: CDN$0.005 per share or $3 million) to be paid on May 6, 2021 to shareholders of record on April 15, 2021.

On July 28, 2020, the Company declared an interim dividend of CDN$0.005 per share, in respect of the financial year ended December 31, 2020 (July 29, 2019: CDN$0.005 per share or $2 million), paid on September 21, 2020 to shareholders of record on August 28, 2020.

15. LOSS PER SHARE

	2020	2019
Basic and diluted loss attributable to shareholders of the Company	**(180)**	(57)
Basic weighted average number of shares outstanding (000's of shares)	**688,469**	687,596
Potential dilutive securities:	**–**	–
Diluted weighted average number of shares outstanding (000's of shares)	**688,469**	687,596
Loss per common share – basic (expressed in $ per share)	**(0.26)**	(0.08)
Loss per common share – diluted (expressed in $ per share)	**(0.26)**	(0.08)

16. SHARE-BASED COMPENSATION AND RELATED PARTY TRANSACTIONS

a) Long-term incentive plans

The Company has a long-term incentive plan (the "Plan"), which provides for the issuance of performance stock units ("PSUs"), restricted stock units ("RSUs") in such amounts as approved by the Company's Compensation Committee. Included in general and administrative expense is share-based compensation expense of $19 million (December 31, 2019: $13 million) related to this Plan.

Under the Plan, each PSU entitles participants, which includes directors, officers, and employees, to receive up to one-and-a-half common shares of the Company at the end of a three-year period if certain performance and vesting criteria, which are based on the Company's performance relative to a representative group of other mining companies, have been met. The fair value of each PSU is recorded as compensation expense over the vesting period. The fair value of each PSU is estimated using a Monte Carlo Simulation approach. A Monte Carlo Simulation is a technique used to approximate the probability of certain outcomes, called simulations, based on normally distributed random variables and highly subjective assumptions. This model generates potential outcomes for stock prices and allows for the simulation of multiple stocks in tandem resulting in an estimated probability of vesting.

Under the Plan, each RSU entitles the participant to receive one common share of the Company subject to vesting criteria. RSU grants typically vest fully at the end of the three-year period. The fair value of each RSU is recorded as compensation expense over the vesting period. The fair value of each RSU is estimated based on the market value of the Company's shares at the grant date and an estimated forfeiture rate of 11.5% (December 31, 2019: 11.5%).

The Company has a long term compensation scheme for the next generation of operational business leaders (current directors do not participate in the scheme), KRSUs. The scheme allows for full vesting over eight years with partial vesting commencing in the fourth year. The objectives of the scheme are to promote a long-term strategic focus amongst participants and to facilitate the Company's management succession plans as the roles of the founding directors transition during the scheme period. Included in general and administrative expense is share-based compensation expense of $8 million (December 31, 2019: $13 million) related to this Plan.

The Company will meet its obligations under the scheme through market purchases. Full details of the scheme are contained in the Management Information Circular.

	2020	2019
	Number of units (000's)	Number of units (000's)
Performance stock units		
Outstanding - beginning of year	**3,130**	3,079
Granted	**1,641**	1,458
Vested	**(705)**	(803)
Forfeited	**(446)**	(604)
Outstanding - end of year	**3,620**	3,130
Restricted stock units		
Outstanding - beginning of year	**3,411**	2,868
Granted	**2,891**	1,936
Vested	**(1,010)**	(1,181)
Forfeited	**(264)**	(212)
Outstanding – end of year	**5,028**	3,411
Key restricted stock units		
Outstanding – beginning of year	**4,400**	4,400
Granted	**2,280**	–
Outstanding - end of year	**6,680**	4,400

The following assumptions were used in the Monte Carlo Simulation model to calculate compensation expense in respect of the PSUs granted in the following years:

	2020	2019
Risk-free interest rate	**0.18%**	1.74%
Vesting period	**3 years**	3 years
Expected volatility	**46.3%**	55.2%
Expected forfeiture per annum	**4%**	4%
Weighted average probability of vesting	**57.1%**	51.8%

b) Share option plan

Share options for common shares in the Company are granted to certain key management. Options are exercisable at a price equal to the closing quoted price of the Company's shares on the date of grant. The vesting period varies from one to three years. Options are forfeited if the employee leaves the Company before the options vest. If the options remain unexercised after a period of five years from the grant date the options expire.

Each share option converts into one common share on exercise. An amount equal to the share price at the date of grant is payable by the recipient on the exercise of each option. The options carry neither rights to dividends nor voting rights.

Options may be exercised at any time from the date of vesting to the date of their expiry.

	2020 Number of options (000's)	2019 Number of options (000's)
Share options		
Outstanding - beginning of year	**4,333**	2,676
Granted	**–**	1,703
Exercised	**(906)**	–
Forfeited	**(94)**	(46)
Outstanding – end of year	**3,333**	4,333
Exercisable – end of year	**2,035**	1,941

Share options grants have been measured using the binomial pricing model. The weighted average inputs of options granted in the year ended December 31, 2019 are as follows. No options were granted in the year ended December 31, 2020.

	2019
Fair value of option	3.99
Exercise price (Canadian dollars)	13.72
Expected volatility	52.0%
Expected life	5 years
Risk-free rate	1.35%
Expected dividend yields	0.1%

Volatility was calculated with reference to the Company's historical share price volatility up to the grant date to reflect a term approximate to the expected life of the option.

The Company recognized total expenses of $4 million (December 31, 2019: $4 million) related to equity-settled share-based payments on share options issued under the above plan for the year ended December 31, 2020.

c) Key management compensation

Key management personnel include the members of the senior management team and directors.

	2020	2019
Salaries, fees and other benefits	**4**	4
Bonus payments	**1**	2
Share-based compensation	**5**	5
Total compensation paid to key management	**10**	11

d) Other related party transactions

Amounts paid to related parties were incurred in the normal course of business and on an arm's length basis. During the year, $6 million (December 31, 2019: $9 million) was paid to parties related to key management for chartering aircraft, accommodation, machinery and services. As at December 31, 2020, nil (December 31, 2019: nil) was included in trade and other payables concerning related party amounts payable.

17. SALES REVENUES

	2020	2019
Copper	**4,377**	3,603
Gold	**537**	342
Nickel	**159**	–
Silver	**44**	20
Zinc	**8**	28
Other	**74**	74
	5,199	4,067

18. COST OF SALES

	2020	2019
Costs of production	**(2,902)**	(2,287)
Depreciation	**(1,199)**	(932)
Movement in inventory	**(3)**	(83)
Movement in depreciation in inventory	**(18)**	25
	(4,122)	(3,277)

19. EXPENSES BY NATURE

	2020	2019
Depreciation	**(1,217)**	(907)
Employment costs, benefits and contractor	**(855)**	(697)
Raw materials and consumables	**(762)**	(567)
Repairs and maintenance	**(275)**	(278)
Royalties	**(270)**	(219)
Fuel	**(212)**	(199)
Utilities	**(203)**	(200)
Freight	**(203)**	(139)
Refinery credits [1]	**(129)**	(44)
Travel	**(19)**	(18)
Change in inventories	**(3)**	(83)
Copper concentrate purchases	**–**	(7)
Other	**(89)**	(20)
	(4,237)	(3,378)

Expenses presented above include cost of sales, general and administrative and exploration expenses.

1 Refinery-backed credits are used to satisfy the delivery obligations under the Franco-Nevada streaming arrangement, details of which are disclosed in note 12.

20. IMPAIRMENT AND RELATED CHARGES

	2020	2019
Las Cruces	–	(97)
Other	–	(4)
	–	(101)

Impairment of Las Cruces

Impairment indicators were identified in relation to the Las Cruces mine in the year ended December 31, 2019, following finalization of the mine plan after a land slippage occurred. A full impairment test was performed using a discounted cashflow model based on estimated future cashflows and a copper price of $2.75 per lb, consistent with market consensus. An impairment charge of $97 million was recognized against property, plant and equipment. The remaining carrying value of non-current assets is disclosed in note 23. The fair value is classified as level 3 in the fair value hierarchy (see note 24).

21. FINANCE COSTS

	2020	2019
Interest expense on financial liabilities measured at amortized cost	**(729)**	(756)
Finance cost accretion on deferred revenue	**(64)**	(64)
Accretion on restoration provision (note 11c)	**(11)**	(14)
Total finance costs	**(804)**	(834)
Less: interest capitalized (note 6)	–	549
	(804)	(285)

22. OTHER INCOME (EXPENSE)

	2020	2019
Foreign exchange losses [1]	**(225)**	(96)
Change in restoration provision for closed properties (note 11c)	–	(8)
Share of loss in joint venture (note 9)	**(45)**	(11)
Other income	**2**	1
	(268)	(114)

1 The majority of foreign exchange losses are unrealized and arise on translating Zambian kwacha monetary assets, in particular VAT receivables (see note 4c), at the period end exchange rate.

23. 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 year ended December 31, 2020, segmented information for the statement of earnings (loss) is presented as follows:

	Revenue	Cost of sales (excluding depreciation)	Depreciation	Other	Operating profit (loss) [1]	Income tax (expense) credit
Cobre Panama [2]	**1,455**	**(781)**	**(400)**	**(13)**	**261**	**–**
Kansanshi [3]	**1,539**	**(828)**	**(247)**	**(119)**	**345**	**(142)**
Sentinel	**1,353**	**(729)**	**(261)**	**(96)**	**267**	**(106)**
Las Cruces	**332**	**(130)**	**(215)**	**(23)**	**(36)**	**8**
Guelb Moghrein	**300**	**(157)**	**(40)**	**(8)**	**95**	**(22)**
Çayeli	**64**	**(36)**	**(22)**	**1**	**7**	**(25)**
Pyhäsalmi	**46**	**(33)**	**(5)**	**2**	**10**	**(2)**
Ravensthorpe	**156**	**(200)**	**(24)**	**(7)**	**(75)**	**28**
Corporate & other [4]	**(46)**	**(11)**	**(3)**	**(119)**	**(179)**	**5**
Total	**5,199**	**(2,905)**	**(1,217)**	**(382)**	**695**	**(256)**

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

2 Cobre Panama declared commercial production September 1, 2019. Prior to this date, revenue and development costs were capitalized.

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 recognized on forward copper sales and zero cost collar options and forward nickel sales.

For the year ended December 31, 2019, segmented information for the statement of earnings is presented as follows:

	Revenue	Cost of sales (excluding depreciation)	Depreciation	Other	Operating profit (loss) [1]	Income tax (expense) credit
Cobre Panama [2]	524	(319)	(113)	(2)	90	–
Kansanshi [3]	1,581	(865)	(244)	(76)	396	(102)
Sentinel	1,199	(771)	(252)	(39)	137	(17)
Las Cruces	291	(131)	(198)	(98)	(136)	68
Guelb Moghrein	243	(154)	(44)	(7)	38	(12)
Çayeli	95	(46)	(27)	6	28	(18)
Pyhäsalmi	90	(45)	(21)	2	26	5
Ravensthorpe	–	(32)	(6)	(1)	(39)	13
Corporate & other [4]	44	(7)	(2)	(101)	(66)	(7)
Total	4,067	(2,370)	(907)	(316)	474	(70)

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

2 Cobre Panama declared commercial production September 1, 2019. Prior to this date, revenue and development costs were capitalized.

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 losses recognized on forward copper sales and zero cost collar options.

Balance sheet by segment

Segmented information on balance sheet items is presented as follows:

	December 31, 2020			December 31, 2019		
	Non-current assets[1]	**Total assets**	**Total liabilities**	Non-current assets [1]	Total assets	Total liabilities
Cobre Panama [2]	**11,919**	**12,505**	**3,201**	12,006	12,623	3,124
Kansanshi [3]	**2,488**	**4,052**	**840**	2,641	3,939	923
Sentinel	**2,945**	**3,485**	**488**	3,056	3,633	623
Las Cruces	**32**	**102**	**153**	213	848	194
Guelb Moghrein	**48**	**154**	**48**	89	190	50
Çayeli	**64**	**105**	**37**	83	132	28
Pyhäsalmi	**10**	**34**	**46**	11	79	45
Ravensthorpe	**802**	**963**	**255**	710	812	173
Corporate & other [4]	**1,483**	**2,836**	**9,133**	1,427	2,491	8,925
Total	**19,791**	**24,236**	**14,201**	20,236	24,747	14,085

1 Non-current assets include $19,468 million of property plant and equipment (December 31, 2019: $19,972 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 Included within the corporate segment are assets relating to the Haquira project, $692 million (December 31, 2019: $689 million), and to the Taca Taca project, $445 million (December 31, 2019: $441 million).

Capital expenditure 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:

	2020	2019
Cobre Panama	**267**	1,082
Kansanshi	**111**	150
Sentinel	**148**	154
Las Cruces	**2**	24
Guelb Moghrein	**10**	9
Çayeli	**4**	6
Ravensthorpe	**55**	6
Corporate & other	**13**	24
Total	**610**	1,455

Geographical information

	2020	2019
Revenue by destination [1]		
China	**1,985**	1,415
Singapore	**615**	351
Zambia	**518**	486
Spain	**505**	383
India	**342**	389
South Africa	**247**	379
South Korea	**188**	12
Japan	**144**	22
Brazil	**125**	–
Barbados	**87**	36
Bulgaria	**80**	31
Germany	**72**	29
Belgium	**60**	190
Egypt	**52**	70
Finland	**49**	88
Tanzania	**46**	–
Taiwan	**44**	40
Mexico	**27**	24
Italy	**24**	–
The Philippines	**–**	51
DR Congo	**1**	23
Other	**36**	4
Hedge gains (losses) [2]	**(48)**	44
	5,199	4,067

1 Presented based on the ultimate destination of the product if known. If the eventual destination of the product sold through traders is not known, then revenue is allocated to the location of the product at the time when control passes.

2 Relates to hedge gains (losses) recognized on forward sales and zero cost collar options.

	December 31, 2020	December 31, 2019
Non-current assets by location		
Panama	**11,919**	12,006
Zambia	**5,422**	5,685
Australia	**808**	716
Peru	**690**	686
Argentina	**445**	440
Spain	**32**	177
Mauritania	**48**	89
Turkey	**64**	83
Finland	**10**	11
Other	**353**	343
	19,791	20,236
Investments, deferred income tax assets, goodwill, restricted cash, other deposits and VAT receivable	**1,337**	1,360
	21,128	21,596

24. 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 a comparison of carrying and fair values of each classification of financial instrument as at December 31, 2020:

	Amortized cost	Fair value through profit or loss	Fair value through OCI	Total
Financial assets				
Trade and other receivables [1]	**141**	**583**	**–**	**724**
Due from KPMC (note 8)	**292**	**–**	**–**	**292**
Derivative instruments in designated hedge relationships	**–**	**–**	**3**	**3**
Other derivative instruments [2]	**–**	**5**	**–**	**5**
Investments [3]	**–**	**–**	**16**	**16**
Financial liabilities				
Trade and other payables	**762**	**–**	**–**	**762**
Derivative instruments in designated hedge relationships	**–**	**–**	**404**	**404**
Other derivative instruments [2]	**–**	**48**	**–**	**48**
Leases	**30**	**–**	**–**	**30**
Liability to joint venture	**1,327**	**–**	**–**	**1,327**
Debt	**8,323**	**–**	**–**	**8,323**

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.

The following provides a comparison of carrying and fair values of each classification of financial instrument as at December 31, 2019:

	Amortized cost	Fair value through profit or loss	Fair value through OCI	Total
Financial assets				
Trade and other receivables [1]	123	369	–	492
Due from KPMC (note 8)	246	–	–	246
Derivative instruments in designated hedge relationships	–	–	8	8
Other derivative instruments [2]	–	1	–	1
Investments [3]	–	–	19	19
Financial liabilities				
Trade and other payables	737	–	–	737
Other derivative instruments [2]	–	31	–	31
Leases	36	–	–	36
Liability to joint venture	1,238	–	–	1,238
Debt	8,198	–	–	8,198

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.

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.

The following table sets forth the Company's assets and liabilities measured at fair value on the balance sheet at December 31, 2020 in the fair value hierarchy:

	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Derivative instruments – LME contracts [1]	**4**	**–**	**–**	**4**
Derivative instruments – OTC contracts [2]	**–**	**4**	**–**	**4**
Investments [3]	**16**	**–**	**–**	**16**
Financial liabilities				
Derivative instruments – LME contracts [1]	**24**	**–**	**–**	**24**
Derivative instruments – OTC contracts [2]	**–**	**428**	**–**	**428**

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, 2019, in the fair value hierarchy:

	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Derivative instruments – LME contracts [1]	1	–	–	1
Derivative instruments – OTC contracts [2]	–	8	–	8
Investments [3]	19	–	–	19
Financial liabilities				
Derivative instruments – LME contracts [1]	17	–	–	17
Derivative instruments – OTC contracts [2]	–	14	–	14

1 Futures for copper, 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.

Financial risk management

Credit risk

The Company's credit risk is primarily attributable to cash and bank balances, short-term deposits, derivative instruments and trade and other receivables. The Company's exposure to credit risk is represented by the carrying amount of each class of financial assets, including commodity contracts, recorded in the consolidated balance sheet.

The Company limits its credit exposure on cash held in bank accounts by holding its key transactional bank accounts with highly rated financial institutions. The Company manages its credit risk on short-term deposits by only investing with counterparties that carry investment grade ratings as assessed by external rating agencies and spreading the investments across these counterparties. Under the Company's risk management policy, allowable counterparty exposure limits are determined by the level of the rating unless exceptional circumstances apply. A rating of investment grade or equivalent is the minimum allowable rating required as assessed by international credit rating agencies. Likewise, it is the Company's policy to deal with banking counterparties for derivatives who are rated investment grade or above by international credit rating agencies and graduated counterparty limits are applied depending upon the rating.

Exceptions to the policy for dealing with relationship banks with ratings below investment grade are reported to, and approved by, the Audit Committee. As at December 31, 2020, substantially all cash and short-term deposits are with counterparties of investment grade.

The Company's credit risk associated with trade accounts receivable is managed through establishing long-term contractual relationships with international trading companies using industry-standard contract terms. 33% of the Company's trade receivables are outstanding from three customers together representing 27% of the total sales for the year. No amounts were past due from these customers at the balance sheet date. The Company continues to trade with these customers. Revenues earned from these customers are included within the Kansanshi, Sentinel, Panama and Çayeli segments. Other accounts receivable consist of amounts owing from government authorities in relation to the refund of value-added taxes applying to inputs for the production process and property, plant and equipment expenditures, prepaid taxes and amounts held in broker accounts.

Significant credit risk exposures to any single counterparty or group of counterparties having similar characteristics are as follows:

	December 31, 2020	December 31, 2019
Commodity traders and smelters (Trade receivables and other receivables)	**724**	492
Government authorities (VAT receivable)	**362**	416
	1,086	908

The VAT receivable due from government authorities includes $349 million at December 31, 2020, which is past due (December 31, 2019: $396 million). See note 4c.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Company's maximum exposure to credit risk. Expected credit losses on trade and other receivables at December 31, 2020, amount to nil.

Liquidity risk

The Company manages liquidity risk by maintaining cash and cash equivalent balances and available credit facilities to ensure that it is able to meet its short-term and long-term obligations as and when they fall due. Company-wide cash projections are managed centrally and regularly updated to reflect the dynamic nature of the business and fluctuations caused by commodity price and exchange rate movements.

In addition, the Company was obligated under its corporate revolving credit and term loan facility to maintain liquidity and satisfy various covenant ratio tests on a historical cash flow basis. These ratios were in compliance during the year ended December 31, 2020, and December 31, 2019. If the Company breaches a covenant in its Financing Agreements, this would be an event of default which, if un-addressed, would entitle the lenders to make the related borrowings immediately due and payable and if made immediately due and payable all other borrowings would also be due and payable.

The Company had the following balances and facilities available to them at the balance sheet dates:

	December 31, 2020	December 31, 2019
Cash and cash equivalents and bank overdrafts – unrestricted cash	**914**	523
Working capital balance [1]	**1,107**	994
Undrawn debt facilities (note 10)	**729**	388

1 Working capital includes trade and other receivables (note 4), inventories (note 5), current prepaid expenses (note 8), current trade and other payables, current taxes payable, current leases (note 11) and current deferred revenue (note 11).

Contractual and other obligations as at December 31, 2020 are as follows:

	Carrying Value	**Contractual Cashflows**	**< 1 year**	**1-3 years**	**3-5 years**	**Thereafter**
Debt – principal repayments	**8,012**	**8,061**	**561**	**2,800**	**2,200**	**2,500**
Debt – finance charges	**–**	**2,147**	**513**	**869**	**524**	**241**
Trading facilities	**311**	**311**	**311**	**–**	**–**	**–**
Trade and other payables	**762**	**762**	**762**	**–**	**–**	**–**
Derivative instruments	**452**	**452**	**452**	**–**	**–**	**–**
Liability to joint venture [1]	**1,327**	**2,387**	**–**	**–**	**–**	**2,387**
Joint venture consideration	**94**	**100**	**100**	**–**	**–**	**–**
Current taxes payable	**164**	**164**	**164**	**–**	**–**	**–**
Deferred payments	**50**	**50**	**5**	**10**	**10**	**25**
Leases	**30**	**34**	**9**	**14**	**6**	**5**
Commitments	**–**	**50**	**50**	**–**	**–**	**–**
Restoration provisions	**821**	**1,147**	**40**	**49**	**48**	**1,010**
	12,023	**15,665**	**2,967**	**3,742**	**2,788**	**6,168**

1 Refers to distributions to KPMC, a joint venture that holds a 20% non-controlling interest in MPSA of which the Company has joint control, and not scheduled repayments.

Contractual and other obligations as at December 31, 2019 are as follows:

	Carrying Value	Contractual Cashflows	< 1 year	1-3 years	3-5 years	Thereafter
Debt – principal repayments	7,936	8,004	804	3,150	1,950	2,100
Debt – finance charges	–	2,014	544	901	425	144
Trading facilities	262	262	262	–	–	–
Trade and other payables	637	637	637	–	–	–
Derivative instruments	31	31	31	–	–	–
Liability to joint venture [1]	1,238	2,312	–	–	–	2,312
Joint venture consideration	182	200	100	100	–	–
Current taxes payable	141	141	141	–	–	–
Deferred payments	42	42	4	8	8	22
Leases	36	41	14	13	8	6
Commitments	–	137	137	–	–	–
Restoration provisions	699	1,103	9	81	51	962
	11,204	14,924	2,683	4,253	2,442	5,546

1 Refers to distributions to KPMC, a joint venture that holds a 20% non-controlling interest in MPSA of which the Company has joint control, and not scheduled repayments.

Market risks

a) Commodity price risk

The Company is subject to commodity price risk from fluctuations in the market prices of copper, gold, nickel, zinc and other elements.

As part of the hedging program, the Company has elected to apply hedge accounting for a portion of copper and nickel sales. For the year ended December 31, 2020, a fair value loss of $401 million (2019: fair value gain of $8 million) has been recognized on derivatives designated as hedged instruments through accumulated other comprehensive income and a fair value loss of $48 million (2019: fair value gain of $44 million) has been recognized through sales revenues.

For the year ended December 31, 2020, the Company had unmargined copper forward sales contracts for 152,125 tonnes at an average price of $2.86 per lb outstanding with periods of maturity to December 2021. In addition, the Company has zero cost collar unmargined sales contracts for 174,400 tonnes at weighted average prices of $2.83 per lb to $3.07 per lb outstanding with maturities to December 2021. The Company also had unmargined nickel forward sales contracts for 3,213 tonnes at an average price of $6.89 per lb outstanding with maturities to October 2021.

The Company is also exposed to commodity price risk on diesel fuel required for mining operations and sulphur required for acid production. The Company's risk management policy allows for the management of these exposures through the use of derivative financial instruments. As at December 31, 2020, and December 31, 2019, the Company had not entered into any sulphur derivatives. At December 31, 2020, the Company had entered into fuel forward contracts over 60,408,600 litres at an average price of $0.34 per litre.

The Company's commodity price risk related to changes in fair value of embedded derivatives in accounts receivable reflecting copper, nickel, gold and zinc sales provisionally priced based on the forward price curve at the end of each quarter.

Derivatives designated as hedged instruments

The Company has elected to apply hedge accounting with the following contracts expected to be highly effective in offsetting changes in the cash flows of designated future sales. Commodity contracts outstanding as at December 31, 2020, were as follows:

	Open Positions (tonnes/ozs)	Average Contract price	Closing Market price	Maturities Through
Commodity contracts:				
Copper forward	**152,125**	**$ 2.86/lb**	**$ 3.51/lb**	**December 2021**
Copper zero cost collar	**174,400**	**$2.83 - $3.07/lb**	**$ 3.51/lb**	**December 2021**
Nickel forward	**3,213**	**$ 6.89/lb**	**$ 7.50/lb**	**October 2021**
Fuel forward	**60,408,600**	**$ 0.34/lt**	**$ 0.38/lt**	**April 2021**

As at December 31, 2019, the following commodity contracts were outstanding:

	Open Positions (tonnes/ozs)	Average Contract price	Closing Market price	Maturities Through
Commodity contracts:				
Copper forward	30,000	$ 2.81/lb	$ 2.79/lb	June 2020
Copper zero cost collar	80,000	$2.65 - $2.91/lb	$ 2.79/lb	December 2020
Nickel forward	12,046	$ 6.77/lb	$ 6.35/lb	February 2021

Other derivatives

As at December 31, 2020, and December 31, 2019, the Company had entered into the following derivative contracts for copper, gold and zinc 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.

Excluding the copper contracts noted above, as at December 31, 2020, the following derivative positions were outstanding:

	Open Positions (tonnes/ozs)	Average Contract price	Closing Market price	Maturities Through
Embedded derivatives in provisionally priced sales contracts:				
Copper	**146,677**	**$ 3.46/lb**	**$ 3.51/lb**	**April 2021**
Gold	**43,103**	**$ 1,829/oz**	**$ 1,891/oz**	**April 2021**
Nickel	**3,176**	**$ 7.55/lb**	**$ 7.50/lb**	**February 2021**
Commodity contracts:				
Copper	**146,174**	**$ 3.46/lb**	**$ 3.51/lb**	**April 2021**
Gold	**42,730**	**$ 1,829/oz**	**$ 1,891/oz**	**April 2021**
Nickel	**3,174**	**$ 7.55/lb**	**$ 7.50/lb**	**February 2021**

As at December 31, 2019, the following derivative positions were outstanding:

	Open Positions (tonnes/ozs)	Average Contract price	Closing Market price	Maturities Through
Embedded derivatives in provisionally priced sales contracts:				
Copper	119,336	$ 2.71/lb	$ 2.79/lb	April 2020
Gold	28,333	$ 1,502/oz	$ 1,523/oz	April 2020
Commodity contracts:				
Copper	119,550	$ 2.71/lb	$ 2.79/lb	April 2020
Gold	28,336	$ 1,502/oz	$ 1,523/oz	April 2020

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

	December 31, 2020	December 31, 2019
Commodity contracts:		
Asset position	8	9
Liability position	(452)	(31)

The following table shows the impact on net earnings from changes in the fair values of financial instruments of a 10% change in the copper and gold commodity prices, based on prices at December 31, 2020. There is no impact of these changes on other comprehensive income except indirectly through the impact on the fair value of investments. The impact of a 10% movement in commodity prices is as follows:

	Average contract price on December 31		**Impact of price change on net earnings**	
	2020	2019	**2020**	2019
Copper	**$ 3.46/lb**	$ 2.71/lb	**–**	1
Gold	**$ 1,829/oz**	$ 1,502/oz	**–**	–
Nickel	**$ 7.55/lb**	–	**–**	–

b) Interest rate risk

The majority of the Company's interest expense is fixed however it is also exposed to an interest rate risk arising from interest paid on floating rate debt and the interest received on cash and short-term deposits.

Deposits are invested on a short-term basis to ensure adequate liquidity for payment of operational and capital expenditures. To date, no interest rate management products are used in relation to deposits.

The Company manages its interest rate risk on borrowings on a net basis. The Company has a policy allowing floating-to-fixed interest rate swaps targeting 50% of exposure over a five-year period. As at December 31, 2020, and December 31, 2019, the Company held no floating-to-fixed interest rate swaps.

At December 31, 2020, the impact on cash interest payable of a 100 basis point change in interest rate would be as follows:

	December 31, 2020	Impact of interest rate change on net earnings	
		100 basis point increase	100 basis point decrease
Interest-bearing deposits, cash at bank and bank overdrafts	914	7	(7)
Floating rate borrowings drawn	2,053	(27)	27

At December 31, 2019, the impact on cash interest payable of a 100 basis point change in interest rate would be as follows:

	December 31, 2019	Impact of interest rate change on net earnings	
		100 basis point increase	100 basis point decrease
Interest-bearing deposits, cash at bank and bank overdrafts	523	7	(7)
Floating rate borrowings drawn	3,024	(9)	9

c) Foreign exchange risk

The Company's functional and reporting currency is USD. As virtually all of the Company's revenues are derived in USD and the majority of its business is conducted in USD, foreign exchange risk arises from transactions denominated in currencies other than USD. Commodity sales are denominated in USD, the majority of borrowings are denominated in USD and the majority of operating expenses are denominated in USD. The Company's primary foreign exchange exposures are to the local currencies in the countries where the Company's operations are located, principally the Zambian kwacha ("ZMW"), Australian dollar ("A$"), Mauritanian ouguiya ("MRU"), the euro ("EUR") and the Turkish lira ("TRY"); and to the local currencies suppliers who provide capital equipment for project development, principally the A$, EUR and the South African rand ("ZAR").

The Company's risk management policy allows for the management of exposure to local currencies through the use of financial instruments at a targeted amount of up to 100% for exposures within one year down to 50% for exposures in five years.

As at December 31, 2020, the Company is exposed to currency risk through the following assets and liabilities denominated in currencies other than USD:

	Cash and cash equivalents	Trade and other receivables	Investments	Financial liabilities
CAD	2	3	–	2
GBP	1	–	–	7
AUD	9	4	1	52
ZMW	3	6	–	14
EUR	17	9	–	44
TRY	–	–	–	4
ZAR	3	–	–	8
MRU	–	–	–	–
Total	35	22	1	131

Based on the above net exposures as at December 31, 2020, a 10% change in all of the above currencies against the USD would result in a $7 million increase or decrease in the Company's net earnings and would result in a $nil million increase or decrease in the Company's other comprehensive income.

As at December 31, 2019, the Company is exposed to currency risk through the following assets and liabilities denominated in currencies other than USD:

	Cash and cash equivalents	Trade and other receivables	Investments	Financial liabilities
CAD	1	–	4	2
GBP	1	–	–	6
AUD	4	3	2	38
ZMW	5	4	–	11
EUR	17	24	–	47
TRY	–	–	–	6
ZAR	4	–	–	5
MRU	–	–	–	16
Total	32	31	6	131

Based on the above net exposures as at December 31, 2019, a 10% change in all of the above currencies against the USD would result in a $7 million increase or decrease in the Company's net earnings and would result in a $1 million increase or decrease in the Company's other comprehensive income.

Capital management

The Company's objectives when managing capital are to continue to provide returns for shareholders, and comply with lending requirements while safeguarding the Company's ability to continue as a going concern. The Company considers the items included in equity to be capital.

The Company manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the Company's assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The Company uses a combination of short-term and long-term debt to finance its operations and development projects. Typically, floating rates of interest are attached to short-term debt, and fixed rates on senior notes.

25. COMMITMENTS & CONTINGENCIES

Capital commitments

The Company has committed to $50 million (December 31, 2019: $137 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 Minera Panama S.A. ("MPSA"), now a Panamanian subsidiary of the Company, entered into a mining concession contract in respect of the Cobre Panama project.

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 mining 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 mining 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 MPSA mining 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 MPSA mining 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, which remains subject to various procedural processes, the Company notes the following:

- The ruling is not yet in effect.
- 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 has 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 mining concession contract.
- Subsequently, MPSA has submitted filings to the Supreme Court for ruling, which it has accepted, 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 while the Company seeks to clarify the legal position. (The MICI release is available at www.twitter.com/MICIPMA/status/1044915730209222657).
- The current Government of Panama, inaugurated on July 1, 2019, has established a multidisciplinary high-level 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. Based on support from the Government of Panama, the Chamber of Commerce and Industries of Panama, the Panamanian Mining Chamber, other Panamanian business and industry chambers and its legal advice, the Company is confident of resolving the Law 9 matter in the near-medium term.

Kansanshi minority partner

In October 2016, the Company, through its subsidiary Kansanshi Holdings Limited, received a Notice of Arbitration from ZCCM International Holdings PLC ("ZCCM") under the Kansanshi Mining PLC ("KMP") Shareholders Agreement. ZCCM is a 20% shareholder in KMP and filed the Notice of Arbitration against Kansanshi Holdings Limited ("KHL"), the 80% shareholder, and against KMP. The Company also received a Statement of Claim filed in the Lusaka High Court naming additional defendants, including the Company, and certain directors and an executive of the named corporate defendants. Aside from the parties, the allegations made in the Notice of Arbitration and the High Court for Zambia were the same. The Company is firmly of the view that the allegations are in their nature inflammatory, vexatious and untrue.

The dispute was stated as a request for a derivative action, requiring ZCCM to obtain permission to proceed in each forum of the Arbitration and the Lusaka High Court. The dispute arose from facts originating in 2007, and concerned the rate of interest paid on select deposits by KMP with the Company. The deposits were primarily retained for planned investment by KMP in Zambia. In particular, KMP deposits were used to fund a major investment program at Kansanshi, including the successful construction and commissioning of the Kansanshi smelter and expansion of the processing plant and mining operations. The entirety of the deposit sums has been paid down from the Company to KMP, with interest. The interest was based on an assessment of an arm's length fair market rate, which is supported by independent third-party analysis. ZCCM disputed that interest rate paid to KMP on the deposits was sufficient.

In July 2019, the Arbitral Tribunal issued a final award in favour of KMP. The parties have reached an agreement on costs, in total exceeding US$1 million payable by ZCCM, bringing this particular matter to an end.

In parallel, several preliminary procedural applications to dismiss the High Court Action were lodged on behalf of the Company, and other defendants, in the Lusaka High Court. By a decision dated January 25, 2018, the Lusaka High Court used its discretion to rectify ZCCM's procedural errors. The Court granted leave to the Company, FQM Finance, a wholly-owned subsidiary of the Company, and the individual defendants to appeal against this decision and the litigants have agreed to a stay pending the appeal. The appeal hearing took place on November 21, 2018, with submissions made by all parties. The Court of Appeal delivered judgment on January 11, 2019, dismissing the appeal. An appeal to the Supreme Court of Zambia was heard on April 24, 2019, and has been dismissed. The High Court was scheduled to resume hearing two further procedural applications, including whether ZCCM is allowed to maintain the derivative action. However, before these hearings could take place the defendants brought an application requesting dismissal of the case on grounds of abuse of process/ res judicata, on the basis that the action cannot be allowed to continue for risk of producing conflicting judgment from the London arbitration, which has already adjudicated the facts of this particular complaint. ZCCM objected to the defendants' application. ZCCM also tried to bring an application to set aside the registration of the Arbitral award in Zambia. The defendants resisted this application. Both applications had an oral hearing in October 2019.

However, after the October 2019 hearing, ZCCM pursued a challenge to the registration of the Arbitral Award on grounds that it was not enforceable because it had complied with the costs payment order of the Arbitral Award. KMP opposed ZCCM's challenge and made submissions to the Registrar that an Arbitration Award is eligible for registration despite compliance with costs orders. On February 13, 2020, the Registrar accepted KMP's position and dismissed ZCCM's challenge to the registration of the Arbitration Award. Accordingly, the Lusaka High Court proceeded to rule on the abuse of process application. By way of a ruling dated March 23, 2020, the Lusaka High Court agreed with KMP's application that the process, if it were to be allowed to continue before it, would risk conflicting judgements and would be res judicata. Accordingly, ZCCM's derivative action case was dismissed, with costs awarded to KMP against ZCCM. On April 6, 2020, ZCCM sought permission to appeal to the Court of Appeal on grounds that the High Court judge erred in fact and in law. KMP objects to the appeal, and the matter remains pending. The Court of Appeal has delivered its judgment on January 13, 2021, dismissing all grounds of appeal with the exception of one ground raised by the ZCCM-IH and awarded costs to the defendants. With regards to the remaining ground, the Court of Appeal held that the determination of this ground of appeal would be inconsequential as the matter should have been determined earlier than now and is therefore now moot. On 9 February 2021, ZCCM sought leave to appeal the decision of the Court of Appeal to the Supreme Court of Zambia. The defendants challenge the leave application.

In addition, on November 11, 2019, Kansanshi Holding Ltd (KHL) filed a UNCITRAL Rules based Request for Arbitration against ZCCM and KMP (as Nominal Respondent) in connection with a Cash Management Services Agreement dated August 19, 2019. KHL seeks a declaration that the CMSA is an arm's length contract. The CMSA provides for cash management services whereby KMP would deposit with the Group's treasury subsidiary certain of its cash balances for management by FQML's treasury function. All cash managed and deposited is callable on demand by KMP and attracts commercial interest rates. Under the shareholder agreement between the Group and ZCCM, related party transactions are required to be on arm's length basis. This arbitration was held virtually in a hearing between October 19 to 23, 2020. On February 15, 2021, the Tribunal issued a Partial Final Award regarding contractual requirements for arm's length transactions. The partial decision is being reviewed and the parties await the Tribunal's subsequent directions in respect of the remaining issues.

26. POST BALANCE SHEET EVENTS

Dividend declared

The Company has declared a final dividend of CAD$0.005 per share, in respect of the financial year ended December 31, 2020. The final dividend together with the interim dividend of CAD$0.005 per share is a total of CAD$0.01 per share for the 2020 financial year.

Sale of Mopani

On January 19, 2021, Glencore announced that its subsidiary Carlisa Investments Corp. ("Carlisa") has signed an agreement with ZCCM Investments Holding plc ("ZCCM") to transfer its 90% interest in Mopani Copper Mines plc ("Mopani") to ZCCM. The Company owns 18.8% of Carlisa resulting in an effective ownership interest of 16.9% in Mopani.

Completion of the sale is conditional on receipt of regulatory approvals in Zambia and approvals of both shareholders and the board of directors of ZCCM.

Directors

PHILIP PASCALL

Chairman of the Board
and Chief Executive Officer

Mr. Pascall graduated from Sussex University in England with an honours degree in Control Engineering, and later completed an MBA at the University of Cape Town. He worked in general management positions in South Africa from 1973; and in the mining industry there from 1977 with RTZ, and E.L. Bateman; and from 1981, in Australia. He was the Project Manager of the Argyle Diamond Project and then Executive Chairman and part-owner of Nedpac Engineering between 1982 and 1990.

During this time, Mr. Pascall was involved in a wide variety of mineral projects in Australia, New Zealand, S.E. Asia, Chile, the United States, and Zimbabwe. After selling his share of Nedpac in 1990, Mr. Pascall was a consultant in the mining industry, including a period with Rio Tinto's Hamersley Iron, and with various projects in Zimbabwe and Zambia. He is a co-founder and has been Chairman and Chief Executive Officer of the Company since 1996.

ROBERT HARDING

Lead Independent Director,
Chair of the Nominating and Governance Committee

Mr. Harding is a well known and respected executive in the Canadian business community. He graduated with a Bachelor of Mathematics from the University of Waterloo in 1980 and received his Chartered Accountant designation the following year. Mr. Harding began his career at a major accounting firm before joining Hees International (now Brookfield) where he served in progressively senior roles including Controller, Chief Financial Officer, Chief Operating Officer, and ultimately, Chief Executive Officer in 1992. He retired from the Board of Brookfield Asset Management, where he was Chairman from 1997–2010, in 2019.

ANDREW ADAMS

Independent Director, Chair of Compensation Committee

Mr. Adams obtained his degree in Social Science from Southampton University and qualified as a Chartered Accountant in the United Kingdom in 1981. He worked for the Anglo American group of companies for twelve years up to 1999, his final position being Vice President and Chief Financial Officer of AngloGold North America based in Denver, Colorado. Mr. Adams worked for Aber Diamond Corporation as Vice President and Chief Financial Officer from 1999 to 2003. He was Chairman of TMAC Resources Inc until February 2021. Currently, he serves as an independent non-executive Director of Torex Gold Resources.

CLIVE NEWALL

President and Director

Mr. Newall graduated from the Royal School of Mines, Imperial College, England in 1971 with an honours degree in Mining Geology, and was awarded an MBA from the Scottish Business School at Strathclyde University. He has worked in mining and exploration throughout his career, having held senior management positions with Amax Exploration Inc., the Robertson Group plc. and was a non-executive Director of Gemfields plc. Mr. Newall is a co-founder and has been President and Director of the Company since its start-up in 1996. He is also a non-executive Director of Baker Steel Resource Trust Limited.

KATHLEEN HOGENSON

Independent Director,
Chair of EHS & CSR Committee

Ms. Hogenson has extensive operational, leadership and executive experience in the oil and gas sector worldwide having served as an executive at Santos Limited and Unocal Corporation. Currently, she is the Chief Executive Officer of Zone Oil & Gas, a company she founded in 2008. Ms. Hogenson is also an independent director at Verisk Analytics, a New Jersey based publicly traded data analytics and risk assessment firm and Cimarex Energy Co., a US exploration and production energy company. She previously served on the board of Parallel Petroleum LLC and in an advisory role at Samsung Oil & Gas, LLC and Samsung C&T from 2008 to 2015. She also serves on the Advisory Board of The Women's Global Leadership Conference and was a speaker at the Harvard Business School Women's Conference. Ms. Hogenson earned a Bachelor of Science in Chemical Engineering from The Ohio State University.

SIMON SCOTT

Independent Director,
Chair of the Audit Committee

Mr. Scott has some 20 years of experience in the mining industry. He currently serves as a non-executive Director of AngloGold Ashanti Holdings Plc. Between 2010 and 2016, he was Chief Financial Officer of Lonmin plc, a London Stock Exchange listed platinum mining company and was acting CEO between 2012 and 2013. Prior to that, Mr. Scott was Chief Financial Officer of Aveng Limited, a Johannesburg Stock Exchange listed construction company providing products and services to the mining industry globally. Mr. Scott also held a variety of senior management positions in Anglo American Platinum Limited including as acting CFO. His early career was spent in various financial positions, including as CFO Southern Africa for JP Morgan Chase. Mr. Scott is a Chartered Accountant and holds degrees in both accounting and commerce from the University of the Witwatersrand in South Africa.

PETER ST. GEORGE

Independent Director

Mr. St. George worked in the investment banking industry for over 30 years holding senior positions in the United Kingdom and Australia. He was Managing Director and Chief Executive/Co-Chief Executive Officer of Salomon Smith Barney Australia and its predecessor, Natwest Markets Australia, from January 1995 to mid-2001. Up to 1994, he was the Managing Director Corporate Finance Natwest Markets, having previously been a Director of Hill Samuel & Co. Limited, both London-headquartered merchant and investment banks. He is currently a non-executive Director of Dexus Property Group, an ASX-listed Australian property group specializing in office, industrial and retail properties. He has also served on a number of other public and private company boards in Australia. Mr. St. George qualified as a Chartered Accountant in South Africa and holds an MBA from the University of Cape Town.

JOANNE WARNER

Independent Director

Dr. Warner has considerable global asset management experience in the metals, mining and energy sectors, having served as Head of Global Resources for Colonial First State Global Asset Management from 2010 – 2017 (previously the Senior Portfolio Manager from 2003 – 2007). She is currently a non-executive Director of Geo40 Limited, a pioneering company focused on the extraction of silica and other minerals from geothermal fluids and Deterra Royalties Limited, a mining royalty company listed on the ASX. Dr. Warner earned a Bachelor of Applied Science (Applied Chemistry) from the University of Technology, Sydney and holds a D.Phil. in Solid State Chemistry from the University of Oxford, England.

Shareholder Information

MANAGEMENT AND OFFICERS OF THE COMPANY

PHILIP PASCALL
Chairman of the Board,
Chief Executive Officer

CLIVE NEWALL[1]
President

WYATT BUCK[2]
Director, Operations

HANNES MEYER
Chief Financial Officer

SARAH ROBERTSON
Corporate Secretary

JULIET WALL
General Manager Finance

ZENON WOZNIAK
Director, Projects

TRISTAN PASCALL[3]
Director, Strategy

1 Retired December 2020

2 Retired September 2020

3 Appointed Chief Operations Officer on January 1, 2021.

TRANSFER AGENT AND REGISTRAR

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EXCHANGE LISTINGS

Common Shares
Toronto Stock Exchange
Symbol: FM

Depository Receipts
Lusaka Stock Exchange
Symbol: FQMZ

ANNUAL MEETING OF SHAREHOLDERS

Thursday, May 6, 2021 at 08:00am EDT
Virtual

Corporate Directory

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