



# NEWS RELEASE

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## **FIRST QUANTUM ANNOUNCES BOARD APPROVAL OF THE KANSANSHI S3 EXPANSION AND ENTERPRISE NICKEL PROJECT**

(in United States dollars, tabular amounts in millions, except where noted)

**Toronto, Ontario** (May 8, 2022) - First Quantum Minerals Ltd. ("First Quantum" or "the Company") (TSX: FM) is pleased to announce that the Company's Board of Directors has approved the S3 Expansion at the Kansanshi mine and the Enterprise nickel project.

"First Quantum has been working constructively with the Government of Zambia's New Dawn administration as part of their efforts to reform the mining sector, attract investment and increase Zambia's copper production. The approval of the projects reflects First Quantum's increased confidence in the investment climate in Zambia," commented Tristan Pascall, Chief Executive Officer. "The S3 Expansion and the Enterprise nickel project are a key part of our brownfield growth strategy. The Kansanshi mine has been a cornerstone asset for First Quantum for 15 years and the S3 Expansion will expand production and extend the mine life for another two decades. The low-cost, high-grade Enterprise nickel project is well placed to supply the rapidly growing electric vehicle battery sector. The approval of these two projects is an important milestone for the Company's path towards responsible production growth of the metals needed for the global green energy transition."

Work on both projects will start immediately. The Company is re-commencing detailed engineering works for the S3 Expansion to determine purchase orders for key long-lead items, including the SAG mill, ball mill and in-pit crushing station. A mining contractor will be mobilized for the Enterprise nickel project in order to commence pre-stripping of the pit in June 2022. The development timeline and capital commitments of both projects remains consistent with the three-year guidance recently provided by the Company on January 17, 2022.

### **ZAMBIAN INVESTMENT CLIMATE**

The approval of the projects follows the efforts of the New Dawn administration to enhance both the investment climate for mining and to seek commitments from the mining sector to contribute to the national economy and to corporate social responsibility. These initiatives will help establish a platform for more stable, durable and responsible mining in Zambia.

The Government of Zambia's (the "Government") commitments address the ease of doing business in Zambia, covering areas such as expediting immigration procedures in exchange for commitments for local employment levels, competitive pricing of power transmission and power procurement from independent sources which in turn will support renewable energy projects, and measures to ensure the ease of importing and exporting goods.

The approvals follow the re-introduction of the deductibility of mineral royalties for corporate income tax assessment purposes that became effective January 2022. This measure realigned Zambia with international best practice. The Government's commitment to improve the predictability of the mining fiscal regime also provides the certainty needed to support large capital investments in Zambia.

Furthermore, First Quantum and the Government have successfully resolved all points of contention that have been stumbling blocks to progress on the S3 Expansion and Enterprise nickel project. This includes reaching agreement in respect to the outstanding value-added tax receivable sum and an approach for repayment based on offsets against future mining taxes and royalties.

## **S3 EXPANSION**

The S3 Expansion is expected to transition the current selective high-grade, medium-scale operation to a medium-grade, larger-scale mining operation that will be more appropriate for the higher proportion of primary, lower-grade sulphide ores at depth. As outlined in the NI 43-101 Technical Report filed in September 2020, the S3 Expansion, when completed, will comprise of a standalone 25 million tonne per annum (“Mtpa”) processing plant with a new larger mining fleet that will increase Kansanshi’s total annual throughput to 53 Mtpa. Once the expansion is completed, copper production from Kansanshi is expected to average approximately 250 thousand tonnes per annum (“Ktpa”) for the remaining life of mine to 2044.

A significant portion of the initial construction works for the S3 Expansion have been previously undertaken with much of the civil and structural work onsite completed. The remaining work includes completion of the remaining engineering design works, procurement and installation of equipment, electrics, controls and infrastructure. The S3 processing train will comprise of a 28-megawatt SAG mill and a 22-megawatt ball mill. The open pit mine will be expanded to increase the supply of sulphide ore from the Main Pit and extend into the South East Dome deposit. The expanded mining fleet will use similar ultra-class equipment as First Quantum’s other key mines and will benefit from new electrical loading and drilling equipment along with the extension of the current electric trolley assist infrastructure.

In parallel with the expansion of the mine and processing facilities, the Company plans to increase the throughput capacity of the Kansanshi smelter from 1.38 Mtpa to 1.65Mtpa of concentrate. This will enable the smelter to produce over 400 Ktpa of copper anode.

The total capital expenditures associated with the S3 Expansion is expected to be \$1.25 billion, which includes \$900 million on the S3 plant and mine fleet and \$350 million for pre-stripping of the South East Dome pit. Approximately \$800 million of this spending is included in the Company’s current three-year guidance released on January 17, 2022 with the balance falling beyond the guidance period. First production from the S3 Expansion is expected in 2025.

## **ENTERPRISE NICKEL PROJECT**

The Enterprise nickel sulphide deposit is located 12 kilometers northwest of the Sentinel copper mine. As outlined in the NI 43-101 Technical Report filed in March 2020, proven and probable reserves at Enterprise total 34.7 million tonnes of ore at 0.99% nickel.

The Enterprise nickel project will consist of a single, main open pit and one extension to the southwest. It will utilize the existing 4 Mtpa nickel circuit that was previously built as part of the original Sentinel processing complex. The main workstream to bring the project online will be the pre-strip of waste. The development timeline for Enterprise is expected to be approximately twelve months. At full production, Enterprise is expected to produce an average of 30 Ktpa of nickel in high-grade concentrate.

The total capital expenditures associated with the Enterprise nickel project is expected to be approximately \$100 million. Pre-stripping of the Enterprise pit of \$60 million is included in the three-year guidance provided earlier this year along with \$40 million related to infrastructure and plant commissioning. Expected first nickel production of 5,000 to 10,000 tonnes of nickel in 2023 is included in the Company’s three-year guidance.

## **RESPONSIBLE MINING**

The S3 Expansion and the Enterprise nickel project underlines First Quantum’s continued standing as the largest private sector employer and the largest contributor to corporate social responsibility in the mining sector in Zambia. The Company is committed to local procurement and the advancement of Zambian small and medium sized business development in North Western Province. Power for both projects will be supplied predominantly from renewable sources, including the existing hydropower within Zambia, as well as potential wind and solar power projects that are under consideration by third parties.

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

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## **CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION**

Certain statements and information herein, including all statements that are not historical facts, contain forward-looking statements and forward-looking information within the meaning of applicable securities laws. The forward-looking statements include estimates, forecasts and statements as to: the expected timing of completion of the S3 Expansion, the Enterprise nickel project; expected production, processing and sales volumes; the completion of engineering design works; procurement and installation of equipment, electricals, controls and infrastructure; and the anticipated amount and timing of capital expenditures associated with the S3 Expansion and the Enterprise nickel project. The forward-looking information and statements herein are subject to the impact of ore grades on future production, the successful and timely completion of the S3 Expansion and the Enterprise nickel project; construction, production, operational, labour or marketing disruptions as a result of the COVID-19 global pandemic or otherwise; capital expenditure and mine production costs; the outcome of mine permitting and 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; plans, targets and commitments regarding climate change-related physical and transition risks and opportunities (including intended actions to address such risks and opportunities); greenhouse gas emissions, energy efficiency and sources of power and carbon intensity; the use of renewable energy sources; the design, development and operation of the Company's projects and future reporting regarding climate change and environmental matters; the Company's expectations regarding increased demand for copper and nickel; the Company's project pipeline and development and growth plans. 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 (including capital expenditures required for completion of the S3 Expansion and the expansion of the Kansanshi smelter); the success of Company's actions and plans to reduce greenhouse gas emissions and carbon intensity of its operations 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, Panama, Peru, Mauritania, Finland, Spain, Turkey, Argentina and Australia, adverse weather conditions in Zambia, Panama, Finland, Spain, Turkey, Mauritania, and Australia, labour disruptions, potential social and environmental challenges (including the impact of climate change), power supply, mechanical failures, water supply, procurement and delivery of parts and supplies to the operations, the production of off-spec material and events generally impacting global economic, political and social stability. For mineral resource and mineral reserve figures appearing or referred to herein, varying cut-off grades have been used depending on the mine, method of extraction and type of ore contained in the orebody.

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