



FIRST QUANTUM
MINERALS LTD.

Cobre Panamá

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FIRST QUANTUM'S LANDMARK
PROJECT IN CENTRAL AMERICA





FIRST QUANTUM'S **LANDMARK PROJECT** IN CENTRAL AMERICA

Cobre Panama

Depending on which version of history is to be believed, the small Central American republic of Panama takes its name from a word meaning 'an abundance of fish,' or 'an abundance of trees.' Whichever version is taken, what's clear is that Panama from the earliest times has been a country rich in natural resources.

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Those resources aren't only overground. As Canadian mining firm First Quantum can testify, the country is also rich in gold and copper. The firm, which has mining interests across four continents, has a landmark project in Panama, the Cobre Panama mine (Cobre meaning copper in Spanish) located near the country's Caribbean coast. Having already been impressed by some of First Quantum's other operations, we decided to take a closer look.

History and Background

In 2013, First Quantum Minerals had been looking at various mining assets across a number of geographies but when the Cobre Panama opportunity arose, it was too good to pass up. Following its acquisition of Inmet Mining in the Spring of 2013, First Quantum took on an 80% equity interest in Minera Panamá, S.A. ("MPSA"), the Panamanian company that holds the Cobre Panama concession.

MPSA itself was incorporated under the laws of the Republic of Panama in January

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1997 and has a mineral concession to explore and exploit the Cobre Panama property. In November 2017, First Quantum increased its ownership interest in MPSA to 90% by acquiring LS-Nikko's 50% holding of KMPC.

Not only was this a crucial landmark for First Quantum in its corporate expansion, it also put it into direct contact with a key stakeholder in Panama, the country's government. Cementing this relationship, and indeed other stakeholders, including local communities, has been pivotal to the success



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Felicitemos a First Quantum Minerals Ltd.
por el éxito logrado en el proyecto Minera Panamá.
We congratulate First Quantum Minerals Ltd.
on the success of their Minera Panama project.

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of Cobre Panama, by far the biggest project that First Quantum has taken on to date.

First Quantum's Most Ambitious Project to date

Cobre Panama is a large open-pit copper development project in Panama. The concession is located 120 kilometres west of Panama City and 20 kilometres from the Caribbean Sea coast, in the district of Donoso, Colon province, in the Republic of Panama. The concession granted by the Panamanian government consists of four zones totalling



“When First Quantum acquired Inmet, the previous owner of the Cobre Panama concession, it created ripples throughout the mining community”





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13,600 hectares - making it one of the largest of its kind in Central America.

The project can be accessed via the world famous Pan-American Highway system, and has the concession area has a topography which is low elevation (less than 300 metres) but rugged with considerable local relief covered by dense rainforest - creating some understandable challenges for First Quantum in terms of access and balancing its ambitions with the need to leave as minimal a footprint as possible.

When First Quantum acquired Inmet, the previous owner of the Cobre Panama concession, it created ripples throughout the mining community. At an acquisition price of \$5.1 billion, it represented a gamble; until then, First Quantum had generated almost all of its revenues through its mining operations in Zambia. But the potential to develop Cobre Panama, the jewel in

Did you know?

As of mid-2018, the project is already **72%** complete

the crown of Inmet, was ultimately too attractive an opportunity to pass up.

The calculated risk taken by First Quantum with the acquisition was justified just a few months after the deal closed: In January 2014, it announced to its shareholders that it estimated it could produce 20% more copper than the mine's previous owner, Inmet, had proposed. And in addition to the 320,000 tonnes of copper it would produce annually, its annual output would also include 100,000 ounces of gold, 1.8 million ounces of silver and 3,500 tonnes of molybdenum.

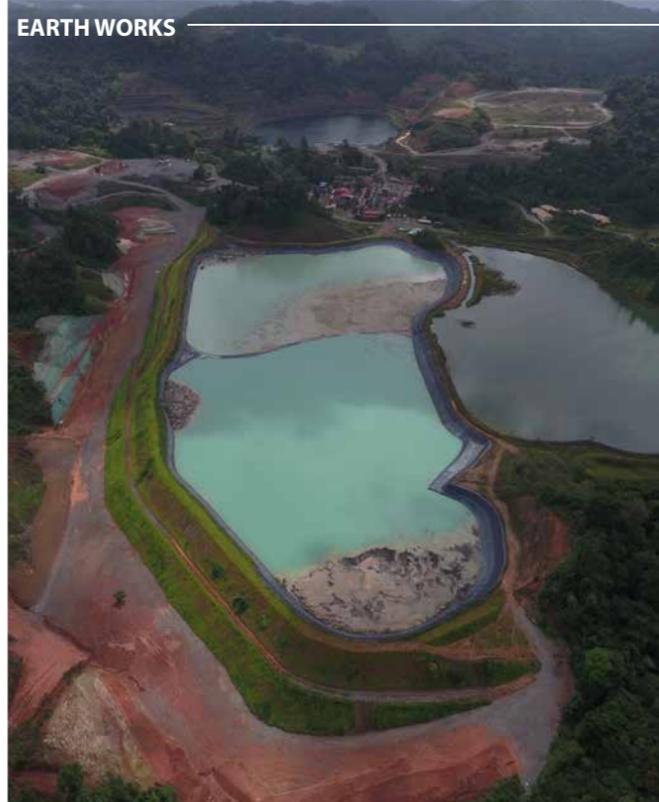
It was a victory both for First Quantum and the Panamanian government, who without much experience in mining, was depending on First Quantum to develop a new branch in the economy to generate employment and exports. On both counts, it has delivered handsomely, pointing to a great future in



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“By 2019, the ore feed from the mine to process plant will begin and the ramp up of the process plant to annualised 74 Mt/y mill feed with a target of 150,000 t Cu in concentrate production”

mining in Panama both for the company and the country in general.

As of mid-2018, the project is already 72% complete and this year sees the first generation from the power plant, complete pit pre-stripping - exposing of ore, development of terrace mining, and deployment of the ultra-class fleet as well as commencement of commissioning of the process plant.

By 2019, the ore feed from the mine to process plant will begin and the ramp up of the

process plant to annualised 74 Mt/y mill feed with a target of 150,000 t Cu in concentrate production. Finally, 2020 sees the ramp up of the process plant to annualised 85 Mt/y mill feed and a target of 270-300,000 t Cu in concentrate production with the 350,000 t Cu reached in 2021.

Socially responsible mining

Thankfully, the scale of the operations is mirrored by the scale of the social projects



“As global demand began to recover, so too have copper prices, which make the future of a project like Cobre Panama so exciting”

generated by First Quantum in Panama. Not only will the project have 7,500 employees when finished - and in doing so, generate over \$200 million in salaries - First Quantum has committed to investing several million dollars in training these new employees, and investing some \$50 million in social projects.

Elsewhere, the firm is doubly committed to the Panamanian environment, ensuring as small a footprint as possible in the country. It has already invested \$28 million in environmental projects, reforested 1,500 hectares of land surrounding the mine and intends to plant over 1 million trees per year over the course of the life of the mine.

Suppliers and Partners

In its short time in Panama, First Quantum has already been able to establish a wealth of local contacts, enabling it to acclimatize to a country where it has no historical links. Among these already valued partners are Intercoastal Marine Inc. (IMI), Nogway, Atlas Copco Drilling Solutions and Bluefin Rental, Inc.

The excavation equipment supplied by German firm Liebherr has also been instrumental to progress on the mine continuing at pace. The eight R9100 excavators, of 565kW each, operating at the Cobre mine, have average cycle times of 22 seconds, ensuring that the excavating side of operations is on, and indeed, ahead of schedule.

The potential for the firm to develop local industry by its mere presence is

also seen with its partnerships with local companies and organizations such as Atlantic Pacific Equipment, Industrias Correagua and Tecnica Universal De Panama SA, the leading university in the country’s capital city.

Excavating excellence

It’s no secret that despite its admirable mineral resources, Panama has little or no history of mining. It’s encouraging then, that one of its first forays into the industry has attracted First Quantum Minerals, the Vancouver-based mining firm with a reputation for exploiting mines both more sustainably and more economically than many of its industry peers.

It has been well documented how copper, after jumping to historic highs, suffered from a few years of low prices hurting industry players and delaying large projects. But as global demand began to recover, so too have copper prices, which make the future of a project like Cobre Panama so exciting. In the years ahead, Panama may well have to reconfigure the slogan, ‘the land with an abundance of trees and fish’ to ‘the land with an abundance of copper.’ **BE**

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