



7 Reasons to Consider First Quantum Minerals

Description

First Quantum Minerals ([TSX: FM](#)) is currently operating seven mines and developing five projects. Here are seven reasons to consider an investment in this company.

1. Its core copper focus

First Quantum Minerals produced 412,281 tonnes of copper in 2013. It had a 74% increase in copper resources and a 34% increase in copper production. For Q1 2014, the company's copper sales volume increased 15% to 102,786 tonnes. Copper accounts for 73% of First Quantum's operations.

2. Its complementary projects

In 2013, the company produced 47,066 tonnes of nickel, 248,078 ounces of gold, 49,933 tonnes of zinc, and 55,042 ounces of platinum group elements. Nickel accounts for 15% of its operations, gold for 8%, and other minerals account for 4%.

3. Its acquisitions

This week, First Quantum and Lumina Copper announced that they entered into a definitive agreement. First Quantum will acquire all of the outstanding securities of Lumina. Lumina owns 100% of the Taca Taca copper deposit in Argentina, which has a reported estimate of approximately 21.15 billion pounds, or 9.6 million tonnes, of copper.

In 2013, First Quantum acquired Inmet Mining. With this acquisition it added three mines, as well as the Tier 1 Cobre Panama project in Panama. The *Globe and Mail* reported last year that, "Cobre Panama, meaning Panama Copper, is the crown jewel that could be one of the world's largest copper mines when it opens in 2016." It further noted, "Cobre Panama will contribute as much to national GDP as the Panama Canal ..."

In 2010, First Quantum acquired Antares Minerals. With this acquisition it acquired Antares' main asset, the Haquira deposit in southern Peru. The Haquira deposit is one of the world's major undeveloped copper deposits.

4. Its geographic diversity

First Quantum Minerals has assets in Australia, Finland, Mauritania, Panama, Peru, Spain, Turkey, and Zambia. Its 2013 resource allocation was 45% in the Americas, 36% in Africa, 10% in Australia, and 9% in Europe.

5. Its capital investment strategy

Currently, First Quantum has a \$9.6 billion capital investment program for major capital projects now under construction. Its focus includes completing the construction of the copper smelter and Sentinel projects in Zambia, as well as the development of Cobre Panama.

In comparison, at **Freeport-McMoRan Copper & Gold's** ([NYSE: FCX](#)) Morenci mine in Arizona, capital outlays for expansion projects are anticipated to result in copper production of one billion pounds per year in 2015. Freeport-McMoRan's consolidated copper sales for 2013 totaled 4.09 billion pounds. This was up from sales in 2012 of 3.65 billion pounds.

6. Its recent overall production increases

For Q1 2014, the company's copper production increased 43% and its platinum and palladium production increased 22%. Its nickel production was up 7% and its gold production grew by 8%.

7. Its dividend

In February 2014, First Quantum Minerals declared a final dividend of \$0.0930 per share for the year ended December 31, 2013. The company's dividend rate is \$0.18. Its yield is 0.872% and its five-year average dividend yield is 0.90%. Its five-year average dividend growth rate is 143.90%.

With major development projects in Zambia, Panama, and Peru, First Quantum Minerals is worth due diligence as a copper-focused company working to extract returns from its capital investments.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:FCX (Freeport-McMoRan Inc.)
2. TSX:FM (First Quantum Minerals Ltd.)

Category

1. Investing

Date

2025/08/14

Date Created

2014/06/20

Author

mugulini

default watermark

default watermark