



## What Investors Need to Know About First Quantum's Latest Acquisition

### Description

With all of the highs and lows of the mining industry, it can be difficult to know which companies and elements to target. Some go for the glitz of gold, while others prefer classic iron and still others prefer more elusive rare earth metals. One metal that continues to be a key piece of modern society is copper, our colourful and conductive friend. Where you have development, copper is there to power the infrastructure; without copper we'd be forced to rely on heavy and expensive gold.

With the growing urbanization and now suburbanization of China continuing, the country has an insatiable thirst for copper, along with steel. In order to meet demand, copper must be sourced from scrap and mining. When it comes to scrap, it is ironic that a good portion of the recycled copper comes from the old American industrial cities that saw a similar industrial and urbanization boom decades ago. Then there is the method of mining fresh copper, and one Canadian company has taken a major leap to remain a top player within the mining industry: **First Quantum Minerals Ltd** ([TSX: FM](#)).

### The most recent acquisition

Back in June, B.C.-based First Quantum announced that it would be acquiring **Lumina Copper Corp.** for \$470 million. This, along with the 2.5 million shares First Quantum already owned, would give it full control of the company.

Lumina is an intriguing acquisition target as it is the 100% owner of the Taca Taca copper deposit in Argentina, just 120 km away from the world's largest producing copper mine in Escondida. The Taca Taca mine is estimated to have 9.6 million tonnes of copper hiding among rocks along with traces of gold and molybdenum. First Quantum believes this could be one of the fastest growing copper mines around. This is of course after it boosts production from its current level of 412,000 tonnes to 1.1 million tonnes by 2018.

### Labour troubles taints previous purchase

Just over a year ago, First Quantum picked up Inmet and its copper mine in Cobre Panama for \$5 billion. The project was initially projected to produce 320,000 tonnes of copper, 100,000 ounces of

gold, and 1.8 million ounces of silver a year, roughly 20% higher than Inmet's previous production numbers. Recently, labour issues in the construction phase put a total halt onto the now \$6.4 billion copper project. After a tense couple of weeks, work resumed on the project on July 9.

Despite labour hiccups and lower commodity prices analysts remain optimistic about First Quantum Minerals and its copper portfolio. The average price target is now set at \$23.90, but the most recent report from TD Securities has the price target as high as \$30. That leaves a bit of room for investors, with the stock closing Friday at \$26.25, just shy of its 52-week high of \$26.77.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. TSX:FM (First Quantum Minerals Ltd.)

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