



## First Quantum Minerals vs. Mountain Province Diamonds: Which Belongs in Your Portfolio?

### Description

The following two companies are advancing plans for growth in the industrial metals and minerals industry. Here's a look at what each one is doing.

#### 1. First Quantum Minerals

**First Quantum Minerals** ([TSX: FM](#)) is a mining and metals company that produces copper, nickel, gold, zinc and platinum group elements (PGEs). The company operates seven mines and is developing five projects. First Quantum's emphasis is on building a foremost copper-focused company.

**Operating mines:** First Quantum Minerals operates the Kansanshi copper-gold mine, the Guelb Moghreïn copper-gold mine, the Las Cruces copper mine, the Kevitsa nickel-copper-PGE mine, the Pyhäsalmi copper-zinc mine, the Ravensthorpe nickel-cobalt mine, and the Çayeli copper-zinc mine. The company produced 412,281 tonnes of copper, 47,066 tonnes of nickel, 248,078 ounces of gold, 49,933 tonnes of zinc and 55,042 ounces of PGEs in 2013.

**Acquisition:** First Quantum completed its acquisition of Inmet Mining in April 2013. Subsequently, it assumed an 80% equity interest in Minera Panamá, S.A. This is the Panamanian company that holds the Cobre Panama concession. Cobre Panama is a large open-pit copper development project in Panama. The Cobre Panama concession comprises four zones totalling 13,600 hectares.

Cobre Panama is a Tier 1 copper project. It has a mine life of 34 years. First Quantum's capital expenditure estimate for this project is \$6.4 billion. This includes \$913 million incurred before the acquisition. According to the company's planned time frame, Cobre Panama will see commissioning and first concentrate production in Q4 2017.

#### 2. Mountain Province Diamonds

**Mountain Province Diamonds** (TSX: MPV)(NYSE MKT: MDM) is a diamond mining company that, through a JV with De Beers (51%), controls 49% of the world's largest and richest new diamond mine (Gahcho Kué project). This mine is under construction at Kennady Lake in the centre of Canada's

diamond fields in the Northwest Territories, 300 km northeast of Yellowknife. De Beers Canada is the operator.

**Gahcho Kué:** The Gahcho Kué project hosts four known kimberlite pipes. Three of these have a probable mineral reserve of 55.5 million carats. The company indicates that the mine will produce an average of 4.5 million carats per year for the first 12 years. Moreover, Gahcho Kué has a further indicated resource of 1.1 million carats and an inferred resource of 18.4 million carats.

**New construction:** This week, Mountain Province Diamonds announced that it arranged a senior secured term loan facility of up to US\$370 million to fund its share of construction at the Gahcho Kué diamond mine.

Construction at Gahcho Kué started in December 2013. The expectation is that it will be completed in late 2015. Commissioning of the diamond plant is scheduled in the first half of 2016, and first production in the second half of 2016.

Consider the strategic plans of these two companies in association with your risk profile. Investing in the industrial metals and minerals industry necessitates understanding the business plans of, and performing further due diligence on, companies in the industry.

## CATEGORY

1. Investing

## TICKERS GLOBAL

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

## Category

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