Kansanshi Mine records its highest production since 2014

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Copper Cathodes for exports from Kansanshi mine

KANSANSHI Mining has recorded its highest production since 2014 following increased smelter availability and sulphuric acid supply from its state-of-the-art Kansanshi Smelter in Solwezi.

First Quantum Minerals (FQM) attributed the overall strong performance of the corporate group to improvement in handling costs and efficiency.

According to FQM 2016 second quarter results, the mining company set new quarterly records for copper production with sales of 131,349 tonnes and 132,030 tonnes respectively, which surpassed previous records set in the first quarter of the year.

The results released by FQM president Clive Newal on behalf of the Board of Directors indicate that the 53 percent increase in copper production at Sentinel Mine in Kalumbila, North-Western Province over the first quarter of 2016 was reflective of steady operational and power supply improvements.

The statement says that the higher sales volume compared to the first quarter of this year, was mostly due to increased production at Sentinel Mine.

FQM chairperson and chief executive officer, Philip Pascall said, “strong performance by all parts of First Quantum continues, as focus on two of our most important priorities pay off.”

“Firstly, all our company’s operations have shown improvements in costs and efficiency. The greatest impact was attributable to Kansanshi, and the operation of its smelter. This provides the mine with more acid than previously available, and at virtually no cost. The extra acid helps recovery of mixed and high acid consuming oxide ores.

“The combination of higher recoveries, negligible acid cost, and the lower smelting treatment costs, make a significant difference. Other aspects of Kansanshi, particularly mining, have also improved markedly, as they have across the company.

“Secondly, successful completion of the sale of Kevitsa, and refinancing the senior debt facility have further strengthened the company’s financial position, and hence its ability to continue developing the Cobre Panama project, amid volatile market conditions and sustained lower commodity prices.

“Going forward, we are making progress with the complex process of arranging project financing for Cobre Panama. We will continue to be alert to any opportunities for further cost savings and improvements in profitability and cash flow.”

Among the highlights contained in the results published, the average price for copper of $2.21 per pound, which FQM realised, exceeded the average price of $2.15 at the London Metal Export (LME), primarily on account of the company’s copper sales hedge programme.

The company successfully completed two main initiatives in the strategy to protect the company in volatile market conditions and sustained lower commodity prices.

These were putting in place a new $1.815 billion debt facility, comprising of equal amounts of Term Loan and Revolving Credit Facility.

The new facility, which has improved financial covenants and amortisation schedule, will mature in 2019 and replaces the previous $3.0 billion facility.

The mining giant also completed the sale of the Kevitsa Mine to Boliden AB for $712 million in cash plus restricted cash and working capital adjustments of which $663 million was received on June 1, this year.

The statement says the remaining amount is due to be received in the third quarter of 2016.

FQM ended the quarter with $895 million in unrestricted cash, $593 million in committed, undrawn facilities, working capital of $553 million and in full compliance with all financial covenants

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