

FQM Zambia

MINING A ZAMBIAN SUCCESS STORY





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WORDS BY *Joseph Philips*



It is now eight years since Business Excellence covered First Quantum Mines for the first time. The company had just been awarded one of almost 30 mining licenses granted by the Zambian government. Global copper prices were on a downward trend that wouldn't bottom out until late 2015. After a \$1.1 billion investment, most investors would be forgiven for feeling anxious. But First Quantum knows good mining is about more than short-term trends. Spirits were high.

Business Excellence makes a return to FQM Zambia's operations in 2021 document the success recorded thus far. And it is no surprise that FQM has continued to engrain its self as truly Zambian with its pro-Zambia approach in its operations. In the past three years especially, FQM's operations in Zambia have continued to develop, expand, and modernize, showing fantastic results across board even amidst a global pandemic. And with the price of copper is trading at an all-time high opportunity has certainly met preparation.

“FQM plans to invest a further \$270 million by 2023 on a proposed expansion at Kansanshi, maintaining its position as the number one FDI investor in Zambia.”

When the opportunity arose to take a fresh look at the Kansanshi mine in Solwezi and the Sentinel mine in Kalumbila, it was too good to turn down.

Building on success

FQM Zambia has become an integral part of the success of its parent company, First Quantum Minerals. In 2020, the group achieved its highest-ever annual copper production - 779 kilo tonnes (kt) across all of its operations. Representing an 11% increase on 2019's output,



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Tailor made solutions

▶ Spectra Oil has partnered with FQM in Lubrication and its attendant services since 2001 at FQM's first operation in Zambia at Bwana Mkubwa mine.

Over the years, one of the crucial aspects of this partnership has been Spectra's ability to understand FQM's needs and provide generic and tailor-made solutions to support and service specialist machinery bespoke to FQM and its operations.

Spectra Oil has built a robust supply chain with overseas companies to meet FQM's specialist needs.

With Spectra Oil working with FQM at its mines in Zambia at Kansanshi & Sentinel, this partnership has continued to grow.

"As a result of the specialist grease we supplied to Kansanshi mine crushers, an FQM team member in Zambia recommended this grease for the same application at the FQM Mauritania operation. We are fortunate to have a partner like FQM with such committed teams of people and exceptional leadership. This partnership is the continuation of years of collaboration driven by both Spectra and FQM's drive for Excellence."

**Robert Ngoma, National Sales Manager
Spectra Oil**

"Kansanshi Mine has a long – standing relationship with Spectra Oil extending back to First Quantum Minerals' first involvement with the mine in 2005. Spectra Oil have supplied the mine with lubricants and greases for both our mobile mining fleet and fixed processing plant throughout this time. These products supplied have been to recognized international standards and Spectra Oil have supported these products with sound technical knowledge and product support on site. Spectra Oil have been valuable partners in Kansanshi Mine's success."

**Murray McDonald, Commercial Manager
Kansanshi Mine First Quantum Minerals**

About Spectra Oil Corporation Limited

Since its inception in 1994, following the departure of several global oil marketing companies from the country. Spectra Oil was formed by Senior directors from the departing majors. They continued to believe in the future of Africa and were determined to support the growth of businesses and industry on the continent.

Spectra Oil went on to serve all sectors of the economy with lubricants, focused on mining, and including retail, agriculture, industrial, construction and transport.



"Kansanshi Mine has a long – standing relationship with Spectra Oil extending back to First Quantum Minerals' first involvement with the mine in 2005"

In 2003, Spectra expanded its activities into fuel, marketing and selling fuel to the same industries. Additionally, Spectra began exporting lubricants into the Democratic Republic of Congo.

In 2004 Spectra entered the retail fuel market. Since its entrance, Spectra Oil has five retail stations across the capital, with two more planned, one in the Copperbelt.

With its Head Office and lubricants depot in Lusaka, regional and lubricant offices in Kitwe, onsite lubricants depot at Kalumbila and fuel operations offices in Lusaka & Ndola, and now in DRC, Spectra Oil is strategically positioned to cater to a cross-section of customers in different regions. With its current footprint, highly dedicated

and specialised team, plus Spectra's ability to deliver tailor-made solutions to key customers, the Company has grown to be the leading Lubricant supplier in Zambia. It is in the top five leading fuel marketers across Zambia in a field of over 100.

Spectra is committed to servicing communities in Zambia; and has sponsored the Hydrotherapy Center in Lusaka since 2018, giving first-rate physiotherapy, hydrotherapy, Speech and Developmental therapies to disadvantaged children. ■

"This partnership is the continuation of years of collaboration driven by both Spectra and FQM's drive for Excellence"

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“Since the last visit of Business Excellence in 2018, the company has spent nearly \$4.8 billion in Zambian - generating jobs, stability, and prosperity in the process”

most of the growth was attributable to the record production of copper at FQM Zambia's Sentinel mine. Even more remarkable was that the growth was achieved at the height of the Covid-19 pandemic.

According to figures from the Ministry of Mines and Mineral Development, eight of the ten large scale mining companies in Zambia recorded an increase in copper production in 2020. Total copper production increased 9.7% year on year to 882,061 mt, of which 868,670 mt was produced from large-scale

mining companies and 13,391 mt from small-scale mines, the ministry said.

The ministry also expanded stating that “the increase in output by large scale mines is mainly attributed to the increase in production by First Quantum Minerals' (FQM) subsidiary Kalumbila Minerals and FQM's Kasanshi mine”

Sentinel's copper production reached 251kt - a direct result of the mine's significant increase in throughput to 57 million tonnes. This allowed the mine to exceed investor targets for the year, despite a sometimes



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BSi STEEL

BSi Steel has been operating in Zambia for more than 20 years and we pride ourselves on forging meaningful and lasting partnerships with all our clients. We have branches in both Kitwe & Lusaka which are perfectly positioned to service all industries across Zambia. Our diverse range of steel stocks are specifically aligned to cater for all your steel needs, whether they be mining, construction, bulk purchase or once-off requirements. We have our own in country roofing line as well as a cut and bend production facility capable of producing upwards of 150 tons per month. Our knowledgeable and professional staff are on hand to assist you with technical support as and when you require it. We run a very dynamic order processing system connected via fiber links to all our operations throughout Africa to ensure we offer the shortest possible leads times. Our fleet of delivery vehicles are geared to handle bulk orders as well as your just-in-time requirements to all corners of the country. Our sales teams are on standby and look forward to receiving your latest steel enquiry www.bsisteel.com

“Through its *Kansanshi Foundation*, FQM has injected around \$2 million into health, agriculture, local business development and education programmes in some of the most underprivileged neighborhoods in the country”



challenging business climate in Zambia. It also continues to take a long-term perspective: Subject to certain factors, it plans to invest a further \$270 million by 2023 on a proposed expansion at Kansanshi, maintaining its position as the number one FDI investor in Zambia.

Socio Economic Impact
The mining industry remains a very important and productive sector for Zambia, with the extractives sector accounting for around 10% of the country’s GDP. In 2019, the mining industry accounted for 28% of government income and 77% of export profits, with copper accounting for more than 90% of the sector’s exports. And the activity of FQM Zambia remains one the country’s largest tax contributors.
Zambia has experienced a nearly eight-fold increase in GDP in the past two decades, with copper exports being mainly responsible for the growth. Perhaps even more important than the headline figure, however, has been the socio-economic development that has come with it. The case of FQM Zambia is indicative. Since 2018, the company has spent



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“Through its Kansanshi Foundation, FQM has injected around \$2 million into health, agriculture, local business development, and education programs in some of the most underprivileged neighborhoods in the country”

nearly \$4.8 billion in Zambia - generating jobs, stability, and prosperity in the process.

FQM’s commitment to Zambia is reflected by the number of local partners in its supply chain, responsible for supplying everything from engineering, fuel, transportation, and electricity to equipment and materials. FQM is committed to supporting local entrepreneurs to progress in the highly competitive value chain, with the goal of achieving as much local procurement as possible. This in turn creates a positive feedback loop that contributes to the social and economic development of Zambia.

Direct investment into the communities surrounding its mines is another way that FQM has a positive impact. Through its Kansanshi Foundation, FQM has injected around \$2 million into health, agriculture, local business development, and education programs in some of the most underprivileged neighborhoods in the country. The company champions programs and contributions towards Infrastructure, Social, and Biodiversity conservation initiatives, underlining its role as a good corporate citizen and setting an example for its supply chain partners.

Hiring Locally Wherever Possible

FQM Zambia's approach to hiring locally starts within its operations where it makes it a priority to fill every position locally where possible, the company has also invested in a robust training program. The mining company sees skill training as a chance to broaden its employees' knowledge base while also helping to safeguard the country's skilled labour pool for future investments.

One of these projects is the introduction of Zambia's first-ever heavy equipment operator certification. The certification aims to improve the mining industry's efficiency, production,

and overall success by standardising operator competency. Over a thousand certifications for the operation of drill rigs, excavators, trucks, and other ancillary equipment have been awarded thus far.

Externally FQM Zambia procured approximately \$1.65 billion of goods and services from Zambian companies in 2020 alone. As part of this effort, over 2,500 locally registered businesses were contracted over the twelve months of last year. At a time when many businesses were feeling the effects of Covid-19 (more of which are below), FQM offered local entrepreneurs an economic lifeline.

“Externally FQM Zambia procured approximately \$1.65 billion of goods and services from Zambian companies in 2020 alone”



As FQM Government Affairs Specialist Dr Godwin Beene stated, “FQM is committed to supporting local entrepreneurs as they strive to get a foothold in the highly competitive mining value chain.”

“Our vision is sustainable and responsible local procurement that positively contributes to a complex supply chain and by extension the economic and social development of the communities in which we operate.”

There is an understanding that engaging local businesses around its mines will stimulate capacity and ensure sustainable growth in the community.

The company also engages the services of more established supply partners including Spectra Oil Corporation Limited a leading oil marketing company with the growing

Did you know?

In 2021, the copper production for Zambia - led by FQM Zambia - is forecast at a record 900,000 million tonnes

contribution in the mining sector in Zambia and the DRC, Sandvik Zambia's for equipment and fleets, Kal Tire Zambia a mining tire supply and management partner, Copperbelt Forestry Company (CFC), the vertically integrated timber and wood processing company and Lamasat International.

Liebherr Zambia and Hitachi Construction Machinery, all of which directly contributed to the expansion of Kansanshi S3 with 35 Hitachi EH4000AC3 trolley trucks & 7 Liebherr R 9400 shovels. Elsewhere, companies such as BSi Steel a company with 20 years of service in the Zambian market supplying a diverse range of steel stocks to a diverse industry including the mining sector. Saro Agro Industrial an established agricultural and mining equipment company and others like Transco, Truckmec Zambia, Royal Travel



“In 2023, it plans to expand its sulphide ore processing facility at the Kansanshi mine by 25 million tonnes per annum (Mtpa), bringing the mine’s annual throughput to 52 Mtpa”

and Tours, Genesis Office Systems, and Rema Tip Top, add considerable value to the company’s day to day operations.

Negating Covid’s Impact

FQM Zambia has already spent around \$400,000 in the fight against Covid-19. Throughout the pandemic, the company has worked closely with the Zambian Ministry of Health to adopt a common approach. Its investment has covered medical equipment like oxygen masks, towels, sharp boxes specially designed for the Covid-19 response, and even a genexpert machine with 10,000 kits.

Ultimately, most of the equipment was donated to the Ministry of Health operating in the North-Western province of Zambia. Despite a steep fall off in new cases in Zambia since June, the company continues to be vigilant, putting in place all recommended health procedures to ensure that its workforce, suppliers and the communities surrounding its operation are as safe as possible.

Expansion

The repeated visits to FQM Zambia are not only a pleasure, but a necessity: Continued growth of its operations means that there’s always something new to report. In 2023, it plans to expand its sulphide ore processing facility at the Kansanshi mine by 25 million tonnes per annum (Mtpa), bringing the mine’s annual throughput to 52 Mtpa. The \$650 million investment represents the latest in a line of expansions since the Canadian parent group took over the mine in 2005.



In 2021, the copper production for Zambia - led by FQM Zambia - is forecast at a record 900,000 million tonnes, confirming the country as Africa’s second largest producer of copper. And the good news for the country and FQM is that, despite historically high copper prices, industry analysts project further growth of copper prices in the years ahead, with some predicting climbs of over 50% in prices by 2025. By all accounts, there’s plenty more to come from this African success story. **BE**

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