

KONKOLA COPPER MINES' CEO STEVEN DIN

Creating a proud and sustainable mining legacy in Zambia

As one of Africa's largest integrated copper producers, with a rich mining history in the **Zambian Copperbelt** that spans several decades, **Konkola Copper Mines (KCM)** and its CEO **STEVEN DIN** understand that copper is a depleting resource. As such, the CEO is not only driving a 50 year mining vision in which KCM plans to unlock the country's copper potential, but has also set in motion several initiatives that aim to ensure a sustainable business future for the host communities when mining ceases.

As a subsidiary of London-listed diversified natural resources group Vedanta Resources, KCM shares the same set of values as its parent company which is committed to operating as a responsible and sustainable mining company.

Approached by Vedanta Resources CEO Tom Albanese to head up KCM, Din accepted and was appointed to the role of CEO of KCM in May 2014 and relocated to Zambia with his family. A chemical engineer by trade with a financial qualification and over 20 years of experience in the African natural resources industry, Din appreciated KCM's long and proud history in the Copperbelt and believed that the operation and



Mining at Nchanga open pit Cut II



Mining at Nchanga Underground

reputational challenges facing KCM at the time of his appointment made a perfect match for his skillset.

"Three years as CEO have shot past and, although so much has been achieved, there are one or two more mountains to scale in achieving my objective of leaving KCM in prime health and as the pride of Zambia," says Din.

One of the biggest challenges for any mining operation is the operating environment and to date, the **Zambian government** has adopted a relatively pragmatic approach to managing the sector's fiscal and regulatory framework. It has acknowledged the challenging commercial conditions for some mining companies and the need for stability in the operating environment.

Din commends the government on this, noting that after several reviews of Zambia's mining tax codes and regulations, the government introduced a Mineral Royalty Tax in June 2016 linked to copper prices and also removed duties on concentrate imports. "These reforms, in my view, provide the basis for us to take a long-term view of the industry and to invest with a much higher degree of confidence," he says.

"I am an optimist, but even if I wasn't, I would still say that there's a bright outlook for Zambia's mining industry," says Din, noting that the Konkola operation is poised to be in production for the next 50 years.

Despite the challenge of producing copper at low enough cost to still be competitive in a light market, KCM is fortunate enough to have high quality ore bodies and all the necessary processing, smelting and refining technologies to enable it to produce world class quality cathodes. "This is a great competitive advantage," he emphasises.

Leaving behind a lasting legacy

Against this backdrop, Din intends to play an instrumental role in leaving behind a

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lasting legacy in Zambia's Copperbelt, with three key legacies in his sights:

• **A robust profit-making machine**

The number one legacy Din plans to leave behind at KCM is a robust, sustainable and profit-making business. Forefront mining technology and upgraded processing methods will be used to place KCM in the top quartile of all copper producers.

• **A greener KCM**

Din wants to oversee the transformation of KCM into the cleanest, greenest mining company in Zambia. Through his recent launch of KCM's "Going Green" initiative, Din has set targets to restore the environment around KCM's mining sites. Because of KCM's long history – which spans more than 60 years – KCM has needed to progressively address legacy environmental issues. Strong progress in 2017 will enable the company to close these out in the next couple of years.

• **Successful local economic development**

"Zambia's development trajectory depends on the mining industry's ability to do what it does well – namely mine, process, refine and export minerals and metals. But more than 60 years of mining history in Zambia has taught us that this alone won't deliver inclusive growth and prosperity for all," Din notes.

"As an industry, I believe passionately that we must move beyond our core mining and processing operations, and we must look at the contribution we can make to creating upstream, downstream and lateral linkages," notes Din, adding that the industry must investigate what it can do to open out the enclave nature of mining and strengthen linkages with the immediate economy.

"In the Zambian context, this requires us to consider how we as an industry can contribute to Zambia's national development."

It is Din's desire to see the Copperbelt grow into a diversified and resilient economic hub – one that can sustain livelihoods even when copper prices are low, noting that his motive for this wish is not selfless, because a thriving community provides KCM with a competitive edge, enabling it to thrive also.

Din believes this is much more than corporate social responsibility; it's about investing in KCM's supply chain and about KCM's ability to compete in an increasingly competitive global marketplace, where the competition does not come from companies operating in a neighbouring community, but from another continent instead.

"That is why our business model at KCM places a deliberate focus on local economic development. We have spearheaded many initiatives aimed at uplifting our communities by supporting the creation of new enterprises and industries around our operations. It makes good business sense as these industries will provide us with cheaper and better local sourcing options and greater stability for our communities in the years ahead."

Mining vision

Since 2004, KCM has invested more than US\$3 billion to upgrade and expand KCM's assets, including a new copper smelter, three new concentrators, upgrades to a tailings leach plant and new underground facilities.

FAST FACT

KCM is the only mining company in Zambia that has operations in four locations, including Chingola, Chililabombwe, Nampundwe and Kitwe, playing a key role in the communities around these mining areas.

New East mill concentrator at Nchanga mine in Chingola

Earlier this year in a meeting with His Excellency President Edgar Lungu, KCM presented the next phase of its investment plans – a \$1 billion commitment – which would see KCM increase its total production to 400 000 tpa of copper in the next three to seven years – quadrupling its production.

A key part of KCM's plan is to dig deeper, specifically at the flagship Konkola Deep Mine, located in Chililabombwe, near the Democratic Republic of Congo border. This ranks among the world's top 20 in terms of grade, with a delineated volume of around 300 million tonnes of ore. KCM has defined a clear 50-year mining vision to unlock this.

Beyond mining

KCM's vision for the Copperbelt even extends beyond mining to agriculture, manufacturing, tourism, logistics and trade – with several projects in agribusiness that have kicked off or are in the planning stage.

One example is an initiative to produce biofuel, which Din launched earlier this year in partnership with BetterWorld Energy. The aim is to grow 400 000 Pongamia Pinnata trees on 650 hectares of land over time for bio-diesel production at a mining waste site.



A beneficiary of KCM's sustainable livelihoods programme feeds her cows



Students at KCM's Ndeleni Childhood Centre



Zambia's Minister of Works and Supply Matthew Nkhuwa plants a Pongamia Pinnata tree at KCM's Tailings Dam Number 2 site. The trees have been planted for a bio-diesel project pioneered by KCM and its partner Better World Energy.

"We are still determining the viability of the project, but we think, if successful, the project could create more than 1 000 jobs in agro-forestry, farming, bio-energy processing and energy service delivery, while providing a cheap and environmentally-friendly source of bio-fuel energy for KCM," Din elaborates.

Meanwhile, in April this year, KCM launched the Copperbelt Leather Industry Cluster (CLIC) in Chingola, another initiative to help diversify the economic base of the region so that people can have better prospects for the future.

The CLIC is a KCM-supported project that aims to grow a high-quality leather industry in the region by supplying entrepreneurs with access to materials, training and market linkages. A total of 23 entrepreneurs from various communities and markets in Chingola have been provided with formal training on the basic skills they need to make leather products, including industrial gloves, shoes, belts and aprons.

Through this initiative, about 400 households and eventually as many as 2 400 people from 20 self-help groups in Chingola, Chililabombwe and Kitwe – in particular women, shoemakers, cobblers and youth, including school dropouts – could be empowered.

In addition to this, KCM is currently looking at opportunities to scale these initiatives and others – in partnership with industry peers, civil society organisations, government and donors – to realise the sort of scale-up required to build a vibrant and diversified economic hub in the Copperbelt.

"So, as you can see, we are firmly focused on the future," Din concludes. **MRA**

KCM OPERATIONS AT A GLANCE

NCHANGA MINE

- Underground mine with two shafts
- Open pit mines
- Concentrators (East and West mills)
- Smelter with acid plant
- Tailings leach plant

KONKOLA MINE

- Underground mine
- Concentrators (old and new concentrator)
- Backfill plant
- 24 MW diesel generator set for emergency power supplies

NAMPUNDWE

- Underground pyrite mine (pyrite concentrate is used in the smelter to improve furnace reaction during the smelting process)
- Smelter

NKANA

- Refinery



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