

# Atalaya Mining PLC Announces Update on Cerro Colorado Reserves

24.06.2021 | [ACCESS Newswire](#)

NICOSIA, June 24, 2021 - [Atalaya Mining plc](#) (AIM:ATYM)(TSX:AYM) is pleased to report a new independent reserve estimate for its Cerro Colorado open pit at Proyecto Riotinto in addition to a management update on several ongoing resource expansion initiatives in the wider Riotinto District in south west Spain, which have the potential to expand production, extend the mine life and create near term value. The Company will now begin the process of preparing an NI 43-101 report incorporating Cerro Colorado and the wider Riotinto District.

A version of this announcement containing all referenced maps can be found on the Company's website at [www.atalayamining.com](http://www.atalayamining.com) (the 'Website Announcement').

## Highlights

### Cerro Colorado open pit reserve update

- New CIM compliant independent reserve estimate confirms status as a long-life open pit copper mine.
- Proven and Probable mineral reserves of 186 Mt at 0.38% Cu with contained copper of approximately 702,000 tonnes (using a 0.16% Cu cut-off).
- Mine life of over 12 years based on nameplate capacity of recently expanded 15 Mtpa mill.
- Performance over recent quarters has demonstrated an ability to operate at approximately 16 Mtpa creating the opportunity to maximise life-of-mine value by supplementing plant feed with ore sourced from regional deposits in the Iberian Pyrite Belt.

### San Dionisio deposit

- Based on preliminary internal estimates, this high grade copper and polymetallic deposit located on the west side of the Cerro Colorado pit, could potentially provide feedstock to Atalaya's existing 15 Mtpa mill in the future.
- Historical mining concentrated mostly on the high grade polymetallic massive sulphides and high grade deep copper stockwork leaving substantial resources unmined.
- Open pit mining potential for remaining copper stockwork resources as well as polymetallic massive sulphides.
- Historical database, consisting of 65,745 metres of drilling from 970 core holes plus detailed records of underground mapping, provides excellent understanding of the resource. Drilling carried out by Atalaya between 2017 and 2019 confirmed the extent and grades of the residual mineralised resources.
- Preliminary CIM compliant internal management estimates, indicate that San Dionisio could host:
  - A potential open pit mineable resource of approximately 52 Mt at 0.7% Cu and 0.9% Zn with a strip ratio of 3.8;
  - Additional 18 Mt at 0.7% Cu and 2.2% Zn with potential for underground mining;
  - Combined, these represent a potential total mineable contained resource of approximately 500,000 tonnes of Cu and 869,000 tonnes of Zn (rounded).
- Next steps during 2021 will include the preparation of a NI 43-101 compliant resource estimate as well as initiating both a fast-track feasibility study and the permitting process to allow for the incorporation of San Dionisio into a new combined mine plan with Cerro Colorado.

### Planes-San Antonio deposit

- High grade copper and polymetallic deposit located immediately east of Cerro Colorado pit.

- Historical resources estimated by Rio Tinto Minera in 1987 are 9.1 Mt at 1.67% Cu, 2.13% Zn, 1.07% Pb, 64 g/t Ag and 0.6 g/t Au.
  - Based on 158 underground holes plus 19 surface holes for a total of 16,605 metres of diamond drilling.
  - Contained metal in the historical resource represents 129,200 tonnes of Cu and 172,900 tonnes of Zn.
  - Mostly polymetallic massive sulphides similar to those at San Dionisio.
- Deposit remains unmined but benefits from some prior underground development and the sinking of a partially completed shaft.
- Next step will be to complete a NI 43-101 report during 2021 simultaneously with the work on the San Dionisio deposit.

Alberto Lavandeira, CEO, commented: 'Atalaya is pleased to outline its long term vision for the Riotinto District, which is focused on creating value in the near term. With this reserve update for Cerro Colorado, we have successfully established 'Proyecto Riotinto' as a long life producing mine and now is the time to work towards new targets that can expand production throughout the Riotinto District, extend mine life and create value for all our stakeholders. The presence of substantial, unexploited mineral resources in the vicinity of our modern 15 Mtpa mill and related infrastructure, together with a very prospective land package with world class exploration potential, offer compelling opportunities for continued growth of our company.'

## Riotinto District

The strategic location of 'Proyecto Riotinto', with its modern 15 Mtpa processing facility and associated infrastructure, is well suited to become a centralised processing hub that sources ore from several satellite deposits. In addition to San Dionisio and Planes-San Antonio, this strategy could also include the Company's wholly owned Masa Valverde and Majadales deposits as well as potential new discoveries within the recently optioned Riotinto East project (See Fig 1 in the Website Announcement).

The Iberian Pyrite Belt is one of the most prolific metallogenic belts in the world and has seen five new discoveries during the past six years. It also hosts several world-class polymetallic and copper deposits as well as multiple sulphide showings and historical mines, all related to volcanogenic massive sulphide ('VMS') systems. For many years, a similar centralised processing hub has been successfully operated by Minas de Aguas Teñidas S.A. ('MATSA'), which operates a single processing plant that receives ore from several regional mines. MATSA is jointly owned by Trafigura and Mubadala

## Cerro Colorado independent reserve update

### Overview

As published in the Behre Dolbear NI 43-101 technical report dated February 2013, Cerro Colorado open pit reserves prior to the re-start by Atalaya Mining totalled 123 Mt at 0.49% Cu, based on a 0.20% Cu cut-off.

Atalaya achieved first production in July 2015 after a fast-track restart and since then has completed two phases of expansion at its processing plant, with nameplate capacity now at 15 Mtpa. Since re-start, approximately 50 Mt of ore at 0.5% Cu have been mined and processed through to the end of December 2020. Successive core and reverse circulation drilling campaigns totalling over 98,400 metres in 802 holes have successfully increased the open pit reserve base, allowing Atalaya to maintain the original mine life despite the plant expansions and reserve depletion.

### Key assumptions

The reserve estimation and open pit optimisation were recently prepared by Alan Noble P. E. of Ore Reserves Engineering, of Lakewood, CO, USA and by Monica Barrero Bouza, Eurogeologist, in compliance with CIM standards and procedures that are equivalent to those appropriate for a report following Canadian NI 43-101 standards.

Reserves were estimated from the end of December 2020 topography. Updated geotechnical pit design

parameters provided by Atalaya based on revised pit stability analysis have been used as an input for the economic pit analysis and mining phase designs.

Economic pit limit analysis has been performed using the Lerchs-Grossmann algorithm ('LG') for a copper price of US\$3.10 and current operating costs and recoveries. The US\$3.50 LG shell was used as the base of the ultimate pit design for resource estimates.

#### Cerro Colorado Reserve Estimate

New Proven and Probable mineral reserves are 186 Mt at 0.38% Cu for contained copper of approximately 702,000 tonnes (using a 0.16% Cu cut-off). This implies a mine life of over 12 years based on nameplate capacity of recently expanded 15 Mtpa mill.

#### Mineral Reserve Estimates by Classification Cerro Colorado Pit Mineral Reserve Estimate

Classification	Mineral Reserves $\geq$ 0.16% Cu			Waste ktonnes	Total ktonnes	Strip Ratio
	ktonnes	Cu%	S%			
Proven	138,929	0.377	5.389			
Probable	46,791	0.382	5.698			
Proven + Probable	185,720	0.378	5.467	341,847	702,022	1.84

Note: figures as reported above are gross and net attributable to the Company (Proyecto Riotinto is 100% owned by the Company).

The contained Proven plus Probable mineral reserves above 0.16% Cu cut-off from the 31 December 2020 topography are summarised in table 1 in the Website Announcement. Additional cutoffs are provided for sensitivity analysis at different copper prices.

#### Future plans

Now that Atalaya has confirmed the long-life status of the Cerro Colorado deposit, the Company will continue to evaluate options to optimise the extraction of its reserves. Potential areas that could add value include geotechnical studies for pit angle optimisation, blending of ore types and the reduction of hauling distances to dumps, among others.

The presence of copper sulphides in the adjacent San Dionisio deposit, including some resources that are potentially mineable by open pit, offers a compelling opportunity to evaluate the simultaneous mining of San Dionisio and the current reserves of Cerro Colorado.

Atalaya plans to initiate a fast-track NI 43-101 report that will contemplate the integration of San Dionisio into a new combined mine plan with Cerro Colorado. This study will include Atalaya pit dewatering and associated water treatment plans, geotechnical work and metallurgical testing for polymetallic ores, among other initiatives.

#### San Dionisio deposit

The San Dionisio massive sulphide deposit is located immediately west of the Cerro Colorado pit and represents the western extension of Filón Sur deposit. Originally this high-grade deposit was mined for copper and sulphur using both open pit and underground mining methods until 1992. The massive sulphides are surrounded by a strong copper stockwork that was partially mined for copper ore until late 1986 when

activity stopped owing to low metals prices.

In 1993, Rio Tinto Minera SA reviewed the San Dionisio deposit and made an internal resource estimation, focused on underground mining, based on two main ore types:

- Copper stockwork of 17.2 Mt at 1.45% Cu
- Massive sulphide of 45 Mt at 0.88% Cu, 2.2% Zn, 26 g/t Ag and 0.40 g/t Au

The remaining sulphides contain areas with good copper and zinc grades. This was well documented based on historical mining records and drilling information and has since been verified by Atalaya through 48 drill holes completed during years 2017 to 2020.

Internal resource summary of San Dionisio constrained by the US\$3.50/lb Cu Pit

San Dionisio - Resource Estimate Summary -  
Constrained by the US\$3.50/lb Cu Pit Shell and 31 December 2020 Topography

Resource Class	Cutoff (% Cu)	Tonnes (millions)	Cu eq (%)	Cu (%)	Zn (%)	S (%)
Total Measured	0.2	44.9	0.97	0.97	0.92	26.48
Total Indicated*	0.2	7.7	0.56	0.56	0.69	21.17
Total M+I	0.2	52.6	0.91	0.91	0.89	25.71
Total Inferred	0.2	1.8	0,50	0,50	0.56	15.81

Note: figures as reported above are gross and net attributable to the Company (Proyecto Riotinto is 100% owned by the Company).

\* Total indicated resources only include open pit tonnes not underground tonnes.

Atalaya drill holes were collared from the benches of the old Atalaya pit and targeted both the polymetallic massive sulphides and the copper stockwork. Results confirmed the geological model available from the historical records. Statistical comparisons between the historical database and recent Atalaya drilling indicated that Cu-Zn grades from the historical database are underestimated by 6%.

Selected drilling results for the San Dionisio deposit

Hole_id	From	To	Drill (m)	Cu (%)	Zn (%)	Pb (%)	Ag (g/t)	Ore Type
ATD045	245.8	323.7	77.9	3.39	4.29	0.57	53.13	MS
ATD002	408	512.5	104.5	1.97	1.32	0.26	-	MS
ATD011	294	334	40	1.05	3.53	0.16	-	MS
ATD044	366	470	104	0.79	4.17	0.44	36.81	MS
ATD033	356	460	104	0.74	3.43	0.32	39.96	MS
ATD011	186	247	61	3.78	1.23	0.12	-	STW
ATD038	280	532	252	1.60	1.97	0.17	16.44	STW

ATD037	330.5	378.8	48.3	1.43	2.40	0.53	34.36	STW
ATD003	334	386	52	1.17	0.48	0.10	-	STW
ATD011	84	154	70	1.14	0.78	0.09	-	STW

Note: MS = massive sulphide mineralization and STW = stockwork mineralization

Because of its proximity to current infrastructure (see Fig 2 in the Website Announcement), its good combined grades of copper and zinc and the potential to mine a significant portion of the resources by open pit methods, San Dionisio offers a promising opportunity to create near term value. In addition, the potential application of the E-LIX System could facilitate the integration of San Dionisio's polymetallic sulphides into the existing processing plant, given that testing to date indicates that E-LIX is well suited to combined copper-zinc sulphide material.

#### Internal resource estimate

An internal CIM compliant preliminary resource estimate has been completed to evaluate the mining potential of the remaining resources using both open pit and underground methods. This work was carried out by Dr. César Castañón, PhD Mining Engineering and professor of the Department of Mining Methods and Prospection at the University of Oviedo in Spain.

A block model was created using existing geological and drilling information, both from historical sources and from recent campaigns. Underground workings and mined out areas were incorporated into the model.

Several scenarios of metals prices, operating costs, pit restrictions and metallurgical recoveries were evaluated using only blocks classified as Measured and Indicated Resources. The results of the most realistic scenario (Scenario 4) are inserted in table 3 in the Website Announcement.

Internal resource estimate (Scenario 4, including pit restrictions and US\$3.5/lb Cu)

Mining Method	Strip Ratio	Mt	CuEq%	Cu%	Zn%	Cu Contained (tonnes)	Zn Contained (tonnes)
Open Pit	3.8	52.6	0.91	0.71	0.89	373,460	468,140
Underground*		18.3	1.17	0.69	2.19	126,270	400,770

Notes:

Cut-offs of 0.2% Cu for open pit and 0.7% Cu for underground

Cu equivalent was calculated using the formula:  $CuEq (\%) = Cu(\%) + Zn(\%) / 4.505$ . For the preliminary evaluation of the potentially mineable sulphides the following assumptions were used: Metal prices of US\$5,300/t and US\$2,000/t for Cu and Zn, recoveries of 85% and 80% and payabilities of 80% and 50% respectively.

Internal estimates for underground indicated resources

Refer to Figure 3 in the Website Announcement.

Next steps

The results of the internal resource estimate were encouraging enough to sanction the preparation of a NI

43-101 compliant resource estimate for completion in 2021 and to commence a fast-track feasibility study that considers a new mine plan to combine San Dionisio with Cerro Colorado.

#### Planes-San Antonio deposit

As a next step for Planes-San Antonio during 2021, the Company will also sanction the preparation of a resource estimate in compliance with NI 43-101 standards.

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#### About Atalaya Mining Plc

Atalaya is an AIM and TSX-listed mining and development group which produces copper concentrates and silver by-product at its wholly owned Proyecto Riotinto site in southwest Spain. Atalaya's current operations include the Cerro Colorado open pit mine and a modern 15 Mtpa processing plant, which has the potential to become a centralised processing hub for ore sourced from its wholly owned regional projects around Riotinto that include Proyecto Masa Valverde and Proyecto Riotinto East. In addition, the Group has a phased, earn-in agreement for up to 80% ownership of Proyecto Touro, a brownfield copper project in the northwest of Spain. For further information, visit [www.atalayamining.com](http://www.atalayamining.com)

#### SUMMARY OF RESERVES AND RESOURCES OF PROYECTO RIOTINTO

Table 1. Cerro Colorado Proven and Probable Reserves at different Cu cut-offs

		Mineral Reserve		
		April 2021 Model (210) - 31 Dec 2020 Topo- March 2021 Ultimate Pit		
Required Cu Price US\$/ lb	Internal Cut-off %Cu	Proven tonnes (000's)	Probable tonnes (000's)	Proven + Probable tonnes (000's)
\$4.00	0.12	161.301	0.344 52,937	0.354 214,238
\$3.75	0.13	156.424	0.351 51,541	0.360 207,965
\$3.50	0.14	151.005	0.359 49,966	0.367 200,971
\$3.30	0.15	145.075	0.368 48,316	0.375 193,391
Base Case \$3.10	0.16	138.929	0.377 46,791	0.382 185,720
\$2.90	0.17	132.503	0.387 45,116	0.390 177,619
\$2.80	0.18	126.382	0.398 43,391	0.399 169,773

\$2.66	0.19	120.197	0.409 41,747	0.407 161,944
\$2.55	0.20	114.155	0.420 40,082	0.416 154,237

#### QUALIFIED PERSON STATEMENT

The scientific and technical information contained in the Mineral Reserve Estimate at Cerro Colorado was prepared under the supervision of Alan C. Noble P.E. of ORE Reserves Engineering, an independent Qualified Person under the Canadian National Instrument 43-101.

The scientific and technical information contained in the San Dionisio Resource Estimate has been prepared under the supervision of César Castañón. Mr. Castañón is a PhD Mining Engineering and professor of the Department of Mining Methods and Prospections at the Oviedo School of Mines. He is a Member of the Society of Mining Engineering of Spain and the Iberian Mining Engineers Board.

#### GLOSSARY OF TECHNICAL TERMS

CIM	Canadian Institute of Mining, Metallurgy and Petroleum
Cu	Copper
Cut-off grade	The minimum grade at which mineralised material can be economically mined and processed for the purpose of the reserve calculation.
E-LIX	Newly developed electrochemical extraction process developed and owned by Lain Tech described in Atalaya's announcement dated 28 October 2020.
Feasibility Study	Is a comprehensive technical and economic study of the selected development option for a project that includes appropriately detailed assessments of realistically assumed mining, processing, economic, marketing, legal environmental, social and governmental considerations together with relevant operational factors and detailed financial analysis, that are necessary to demonstrate that reporting that extraction is reasonably justified (economically mineable).
Iberian Pyrite Belt	Geographical area with particular geological features that host several mining projects in Spain.
Inferred Mineral Resource	That part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of geological evidence and sampling. Geological evidence is sufficient to imply but not verify grade or quality continuity. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is recognized that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.
Indicated Mineral Resource	That part of a Mineral Resource for which quantity, grade or quality, densities, shape and characteristics are estimated with sufficient confidence to allow the application of Modified Inferred Mineral Resource sufficient detail to support mine planning and evaluation of the economic viability of the development. The evidence is derived from adequately detailed and reliable exploration, sampling and testing in sufficient detail to assume geological and grade or quality continuity between points of observation. An Inferred Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and must not be converted to a Probable Mineral Reserve.
lb	Pound.
MATSA	Minas de Aguas Teñidas, S.A. a company incorporated in Spain which owns Aguas Teñidas Sotiel mine in Spain.

Measured Mineral Resource	That part of a Mineral Resource for which quantity, grade or quality, densities, shape, and characteristics are estimated with confidence sufficient to allow the application of Modified Support Detailed Mine Planning and Final Evaluation of the Economic Viability of the Deposit. Evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to support detailed mine planning and final evaluation of the economic viability of the deposit. A Measured Mineral Resource is estimated with a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proven Mineral Reserve or to a Probable Mineral Reserve.
Mineral Reserve	The economically mineable part of a Measured and/or Indicated Mineral Resource. It includes materials and allowances for losses, which may occur when the material is mined or extracted. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. Reserves are sub-divided in order of increasing confidence into Probable Mineral Reserves and Proven Mineral Reserves. A Probable Mineral Reserve has a lower level of confidence than a Proven Mineral Reserve.
Mineral Resource	A concentration or occurrence of solid material of economic interest in or on the Earth's crust, in such a grade or quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling.
Preliminary Feasibility Study	Is a comprehensive study of a range of options for the technical and economic viability of a project that has advanced to a stage where a preferred mining method, in the case of underground configuration, in the case of an open pit, is established and an effective method of mineral processing is determined.
Probable Mineral Reserve	Is the economically mineable part of an Indicated and, in some circumstances, a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study.
Proven Mineral Reserve	Is the economically mineable part of a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study.
S	Sulfur
VMS	Volcanogenic Massive Sulphide

The above definitions of 'Mineral Resource', 'Inferred Mineral Resource', 'Indicated Mineral Resource', and 'Measured Mineral Resource' conform to CIM Definition Standards - For Mineral Resources and Mineral Reserves, as prepared by the CIM Standing Committee on Reserve Definitions, and adopted by CIM Council on 10 May 2014, and as required by NI 43-101, Standards of Disclosure for Mineral Projects, of the Canadian Securities Administrators.

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