



Monterrico Metals plc



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### THE RIO BLANCO PROJECT

Monterrico's principal asset is the large, wholly owned Rio Blanco Copper Project in northern Peru.

The company recently completed the Detailed Feasibility Study ("DFS") for Rio Blanco. The DFS is based on a conventional open pit mine operating at 25 million tonnes per annum (Mtpa) using flotation processing to produce separate copper and molybdenum concentrates. A summary of the results of the DFS was issued in a press release on 5 February 2007.

#### The Rio Blanco Deposit

Rio Blanco is a porphyry copper deposit which is situated at the northern end of the Peruvian copper-gold belt. The deposit was discovered in 1994. Monterrico acquired an option on the property in 2001 and, after a successful drilling programme, negotiated the acquisition of 100% of the project in 2003. The deposit lies in the lower Andes (2,200-2,800 masl) close to the border with Ecuador. The site is uninhabited and there is no conflict with agriculture.

The resources, which are located principally at Henry's Hill, have been estimated (at a 0.4% Cu cut-off grade) at 1,257 million tonnes at 0.57% copper and 228 ppm molybdenum. This makes Rio Blanco one of the largest undeveloped copper resources in the world today. There is also potential to expand the resource further by additional drilling.

<b>Rio Blanco</b>	<i>Million</i>	<i>Cu</i>	<i>Mo</i>	<b>Rio Blanco</b>	<i>Million</i>	<i>Cu</i>	<i>Mo</i>
<b>Resources (1)</b>	<i>tonnes</i>	<i>%</i>	<i>ppm</i>	<b>Reserves (2)</b>	<i>tonnes</i>	<i>%</i>	<i>ppm</i>
Measured	146	0.73	235	Proven	133	0.74	232
Indicated	670	0.56	234	Probable	365	0.59	210
Inferred	441	0.52	216	-	-	-	-
<b>Resource Total</b>	<b>1,257</b>	<b>0.57</b>	<b>228</b>	<b>Reserve Total</b>	<b>498</b>	<b>0.63</b>	<b>216</b>

(1) Snowden -- March 2006 (JORC compliant) @ a 0.4% Cu cutoff.  
(Based on 53,000m of diamond drilling (157 drill holes) & two adits.)

(2) NCL Ingeniería y Construcción SA - December 2006 @ a 0.38% Cu cutoff

#### The Detailed Feasibility Study

The DFS has been prepared for Monterrico by a team of independent consultancy companies under the leadership of Hatch Ingenieros y Consultores Ltda of Chile ("Hatch"):

<b>COMPONENT OF THE DFS</b>	<b>CONSULTANT</b>
<i>Resource Estimation</i>	<i>Snowden Ltd - "Snowden"</i>
<i>Metallurgical Test Work</i>	<i>SGS Lakefield Research Chile SA - "Lakefield"</i>
<i>Mining Planning Studies</i>	<i>NCL Ingeniería y Construcción SA, - "NCL"</i>
<i>Process Design, roads &amp; powerline</i>	<i>Hatch Ingenieros y Consultores Ltda - "Hatch"</i>
<i>Tailings dam, water balance &amp; geotechnical evaluation</i>	<i>Knight Piésold Consultores SA - "Knight Piésold"</i>
<i>Concentrate Pipeline Design</i>	<i>PSI JRI Ingeniería Ltda - "PSI"</i>
<i>Port Design</i>	<i>Westmar Consultants Inc "Westmar" / Krupp Canada</i>
<i>DFS Technical Report</i>	<i>Hatch Ingenieros y Consultores Ltda - "Hatch"</i>
<i>Social &amp; Environmental Impact Assessment</i>	<i>Knight Piésold Consultores SA - "Knight Piésold"</i>

Hatch is the overall author of the DFS with responsibility for the collation of the data received from the other technical consultants in order to produce the final DFS documentation. Hatch's scope of work also includes infrastructure studies such as road access and power line.

The technical aspects of the DFS can be summarised as follows:

The DFS considers an open pit mining operation treating 25 million tonnes of ore per annum over an initial 20 year mine life. This is based on proven and probable reserves of 498 million tonnes at 0.63% copper and 216 ppm molybdenum, as detailed in the table above.

Metallurgical test work completed by Lakefield Research confirms that all ore types at Rio Blanco will be easy to process. Overall copper and molybdenum recoveries have been estimated at 87% and 51% respectively. The concentrates will have no or very low levels of deleterious elements and are therefore predicted to be highly saleable and not subject to penalties. Concentrate grades are forecast to be in the range: 26 - 30% copper and 35% molybdenum.

Tailings from the process plant will be dry stacked in a valley adjacent to the open pit. This method has many environmental benefits including lower water consumption; ease of water recycling; reduction in the area of land disturbed; it also allows rehabilitation and re-vegetation of the tailings site to be undertaken progressive, rather than at mine closure.

Although the initial plan is to truck the concentrates from the mine to the port, a study for a concentrate pipeline has

been developed to full feasibility as an option for the future.

The project will require the construction of 25km of new road; upgrading 176km of existing road and the erection of a 220kV power line to connect the project to Peru's national grid (a distance of 200km).

Storage and loading facilities will be constructed at the port of Bayovar on the Pacific Coast, some 800km north of Lima, which is well placed for shipping the concentrates to smelters throughout the world.

### Production

The mine plan focuses on treating the higher grade (supergene) ore first in order to accelerate cash flow. As a result, in the first year of operation the mine will produce about **224,000 tonnes of copper**, plus about **1,800 tonnes of molybdenum**. Average annual production over the first five years of operation will be about **191,000 tonnes of copper** and **2,180 tonnes of molybdenum**. At these rates of copper production, Rio Blanco would rank amongst the 20 largest copper mines in the world today, alongside Bingham Canyon (250kt), Los Bronces (225kt), Olympic Dam (190kt) and Ok Tedi (185kt). (Figures in brackets indicate average copper production rates for the last 3 years).

### Economics

The main economic indicators of the Project over the initial five years of operation are:

Operating costs:	41 c/lb copper (net of by-product credits)
Average copper production:	191,000t/a
Capital cost:	\$965 million direct cost, \$1.44 billion total cost including indirect costs & contingencies
Project payback period:	4 years

The capital cost estimate has been prepared to an accuracy of -5%/+15%. Third party participation in the construction of the roads, power line and port facilities is being investigated in order to reduce costs. The capital costs are being refined and a breakdown will be presented when a review of the civil works and tailings costs has been completed. However, Hatch is confident that these adjustments will be within the overall accuracy level of the estimate. The operating costs and pay back period have been calculated using long-term copper price forecasts provided by Bloomsbury Minerals Economics Ltd.

### Expansion Option and Upside Potential

An option to expand production to 50Mtpa after start-up, and utilise more of the resource, has been studied and will be further refined in due course. The expansion will more than maintain production levels and compensate for lower copper grades when the supergene ore has been worked out. The requirements for the upgrade have been included where practical in the DFS design.

### Environmental and Social Impact Assessment (ESIA)

Monterrico has commissioned Knight Piésold (Peru) to complete an independent Environmental and Social Impact Assessment ("ESIA") as required by law and in compliance with international standards such as the Equator Principles. The object of the ESIA is to identify the impacts of the Project and to establish plans to manage each issue effectively and to the general satisfaction of the community and other stakeholders. The ESIA will be subject to a formal consultation process before the Project is approved and permitted. Meanwhile the Company has an active social programme with the local communities.

The target date for first production is 2011.