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Altaley Mining poised to become Mexico's next high-grade gold miner

Snapshot

The company's flagship asset is the 7,500-hectare Tahuehueto gold and base metals project with production targeted to start this year



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What Altaley Mining does:

Altaley Mining Corp ([CVE:ATLY](#)), previously known as Telson Mining, is already producing metals but is also poised to become the next high-grade gold miner out of Mexico.

The Vancouver, British Columbia-based company's flagship Tahuehueto gold mining project is a 7,500-hectare property in northwestern Mexico's Durango State, and construction of the mine is said to around 60% complete.

Upon closing a recent US\$25 million funding package, Telson will have funding available to finish construction of its 1,000 tonne per day processing facility and related mine infrastructure to initiate production of gold, silver, lead, and zinc in concentrates. Pre-production is targeted by the end of 2021 and the mine is ramping up to full production capacity during Q1, 2022.

According to a 2017 estimate, Tahuehueto has a total Measured and Indicated (M&I) resource of nearly 490,000 ounces of gold at a grade of 2.5 grams per tonne (g/t) and in pre-production toll milling, US\$12.4 million was generated in cash sales up to the second quarter of 2019.

A pre-feasibility study completed in the same year, based on a 550 tonnes per day (tpd) operation and a 21-year mine life, put the pre-tax net present value at US\$137.8 million with a capital cost of US\$37.6 million.

The company is also a producing miner, due to its ownership of the Campo Morado asset, a polymetallic base metal mine in Mexico with mining and milling equipment capable of producing up to 2,500 tpd.

Four months after purchasing Campo Morado, Telson brought the mine back into operation initiating pre-production in October 2017 and declared commercial production in May 2018, operating the mine continuously for 22 months until August 2019 when the project was put on care and maintenance as a result of declining zinc prices and community issues.

With improving conditions, Telson brought the mine out of care and maintenance and reinitiated mining and milling operations in January 2020.

Telson Mining is led by CEO Ralph Shearing, a geologist with more than 32 years of experience managing and directing publicly listed companies.

How it is doing:

The company completed the name change and began trading under the ticker 'ATLY' on June 11, 2021, having announced the move on May 10, alongside a board restructuring, saying the company was moving toward becoming a "mid-tier metal producer" in Mexico.

The miner announced that David Rhodes will become a director and chairman, while Natascha Kiernan, Mark Bailey and Tom Kelly will become independent directors.

The company accepted the voluntary resignation of Yao Sun, Enrique Margalef, and Rory Godinho, all of whom have "diligently served the company", it added.

On May 28, 2021, the company revealed that operational improvements, lower costs at the Campo Morado polymetallic mine as well as increased metal prices, had led to it posting a strong first quarter.



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At Campo Morado, production of zinc concentrate in the first quarter increased to 11,013 tonnes compared to 9,974 tonnes in Q4, 2020, while the average realized zinc price per tonne increased to US\$2,687 compared to US\$2,360 in Q4, 2020.

All-in-sustaining costs for the period were US\$90 per pound, well down from US\$1.39 in the fourth quarter.

Campo Morado is currently producing at an average of 2,100 tonnes per day and is estimated to be Mexico's sixth-largest zinc producer.

Inflection points:

- ▶ Commercial production at Tahuehueto targeted for early 2022
- ▶ More Campo Morado operational and financial results
- ▶ Potential acquisitions

What the boss says:

In the statement accompanying the first quarter results, Omar Garcia Abrego, Altaley's chief financial officer, said: "Campo Morado operating figures have improved significantly over the last year, this, along with cost reduction initiatives and increased metal prices have resulted in strong results reported for Q1 2021. Overall, the company is now well-positioned to have a very successful year with funding secured for the completion of Tahuehueto's mine construction and the pending restructure of the company's debt which in my opinion, all provide the foundation to continue delivering strong results to our shareholders."

Telson Mining releases 1st quarter financial number...



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