

20 April 2017

Atalaya Mining Plc
(“Atalaya” or the “Company”)

First Quarter 2017 Operations Update

Atalaya Mining plc (AIM:ATYM, TSX:AYM), the European mining and development company, announces its operations update for the three months to 31 March 2017.

PROYECTO RIOTINTO

		First Quarter		Fourth Quarter	Full year forecast
		2017	2016 *	2016	2017
Ore mined	(M tonnes)	2.3	1.1	2.3	9.5 – 9.8
Waste mined	(M tonnes)	4.3	2.7	3.6	18.1 – 18.2
Ore milled	(M tonnes)	2.2	1.1	2.0	9.5
Cu grade	(%)	0.48	0.43	0.52	0.49 – 0.51
Cu recovery	(%)	84.63	82.93	84.47	79 – 82
Cu production	(tonnes)	8,805	4,048	8,938	34,000 – 40,000
Cash cost	(\$/lb payable)	1.83	2.28	1.95	1.90 – 2.10
All-in cost	(\$/lb payable)	2.15	2.55	2.15	2.00 – 2.20
Sustaining capital	(\$ millions)	0.6	0	0.4	2.1

**Note: Commercial production declared 1 February 2016.*

Production results at Proyecto Riotinto were in line with targets for the quarter ended 31 March 2017. The operation set new records for both throughput tonnage and copper recovery as 2.2 million tonnes of ore were milled at a recovery rate of 84.63%. Full year annual forecasts for copper remain as previously guided at 34,000 – 40,000 tonnes.

Mining operations continue to run according to mine plans. Blending different ore types from the Cerro Colorado pit has provided consistent feed quality to the processing plant which resulted in higher than anticipated metallurgical recoveries and concentrate grades. Adjustments to geological modelling are currently under evaluation to improve mine-to-mill efficiencies. Drilling and blasting parameters have been adjusted to improve fragmentation, loading rates and crushing capacity.

Surface re-contouring on the south waste dump has been initiated as part of ongoing rehabilitation works and additional rehabilitation methodologies are being evaluated.

On-site concentrate inventories at the end of the quarter were reduced to minimum levels. Concentrate deliveries to the port at Huelva amounted to 41,131 tonnes. Concentrate sales were not affected by disruptions at other ports across Spain.

Cash costs during Q1 2017 of \$1.83/lb of copper were lower than in the same period in 2016 when operations were starting to ramp up and also as compared with Q4 2016 owing to lower penalty levels and lower TC/RCs. The full year forecast remains as previously guided with a range of \$1.90/lb to \$2.10/lb.

Sustaining capital for the quarter was \$0.6 million with a full year forecast of \$2.1 million. The majority of spending in the quarter related to improvements in process water supply and services, modifications to the processing flowsheet and upgrades at the main incoming substation. A number of studies are under way to further debottleneck processing capacity. Capital will also be allocated to improve environmental requirements.

Accumulated capitalized stripping since the start of operations amounted to \$18.8 million slightly lower than the forecast as less waste than expected was mined.

Copper prices continued to rise in Q1 2017, with an average price realised of \$2.48/lb, compared with an average of \$2.18/lb for Q4 2016.

Near-mine exploration drilling is under way with one RC drilling rig and one DDH rig. The programme is designed to confirm the lateral extension of Filon Sur as well as the northern extension of the Atalaya pit. During the quarter 2,660 m have been drilled out of a total of 7,200 m at Filon Sur and at the Atalaya pit.

An in-fill drilling campaign of 4,400 m at Cerro Colorado is also under way with one RC drilling rig. This campaign is targeting inferred resources with the objective of increasing confidence levels and potential reclassification.

PROYECTO TOURO

As previously announced, the Company exercised an option to acquire a 10% interest in Proyecto Touro located in northwest Spain. The acquisition of the project is based on a staged earn-in agreement increasing from 10% and up to an 80% interest once commercial production is declared.

The permitting process has been initiated during Q1 2017, with submission to the relevant authorities of the environmental impact study, exploitation plan and rehabilitation plan. Geological, hydrogeological and geotechnical studies have also been completed and incorporated into the study.

In-fill and step-out drilling is ongoing across the property with two RC drilling rigs and one DDH rig for a campaign of 7,900 m. Resource modelling is well advanced based on both historic and current knowledge of the deposit.

Metallurgical test work at feasibility study level was completed during 2016 with modelling confirmed based on this latest information. Further details will be released before the end of the second quarter.

Basic engineering is progressing with a view to completing a capital and operating cost estimate as part of the study. Long-lead items have been identified together with suppliers' quotations.

Alberto Lavandeira, CEO commented: *“Since reaching nameplate capacity at Riotinto at the end of 2016, the plant continues to run smoothly and we are on track to meet our production targets. While our aim is to seek further operating efficiencies within the plant, we are also focused on infill and near-mine exploration drilling in order to maintain our 16-year mine life and extend our reserves and resources. We have also carried out an extensive drilling programme at Proyecto Touro and are pleased with the progress made to date.”*

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014.

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