

4 December 2017

Atalaya Mining plc

("Atalaya" and/or the "Company")

Approval of 15 Mtpa Expansion Project at Proyecto Riotinto

Atalaya Mining plc (AIM: ATYM; TSX: AYM), with its subsidiaries, is pleased to announce its decision to proceed with the 15 Mtpa expansion plan at Proyecto Riotinto in south-western Spain.

The 15 Mtpa expansion plan is designed to upgrade processing facilities with the ultimate goal of increasing copper production to approximately 50,000 – 55,000 tonnes per year.

Project Highlights

- The purpose of the 15 Mtpa expansion plan is to increase copper production, improve operational efficiencies, reduce maintenance requirements and lower operating cash costs.
- The expansion plan is designed to deliver processing capacity of up to 15 Mtpa which correlates to an estimated 50,000 – 55,000 tonnes of copper contained in concentrate per year.
- Capital cost has been estimated at €80.4 million consistent with the low capital intensity that the Company has delivered previously at Proyecto Riotinto.
 - Expansion project represents capital intensity of approximately US\$6,100 per tonne for the expected incremental 15,000 tonnes of copper production over current nameplate.
- Estimated reduction in cash costs and all-in sustaining costs by approximately 7% compared to the existing 9.5 Mtpa operation, based on maintenance and processing efficiencies.
- Subject to completion of financing arrangements and permitting activities, it is anticipated that ground construction works will start during the first quarter of 2018 with commissioning scheduled for the second half of 2019 and nominal production during the first half of 2020.
- Management expects that the expansion project will result in an incremental post-tax net present value (NPV) of approximately US\$113 million (assuming an 8% discount rate) and a post-tax internal rate of return (IRR) of approximately 43%, when assuming a US\$3.00/lb copper price, US\$18.00/oz silver price, and USD:EUR of 1.15.

The 15 Mtpa expansion comprises modernisation of the process plant with the installation of a new primary crushing system, a new SAG mill, additional flotation cells and concentrate handling installations as well as other site infrastructure.

As a result of the positive economic results of the studies, the Board of the Company has approved the start of the early activities required to implement the expansion, including the placing of orders for long-lead equipment.

Alberto Lavandeira, CEO commented:

"Our decision to proceed to upgrade and expand Proyecto Riotinto to processing capacity of 15 Mtpa is based on the strong project economics that demonstrate that significant incremental value can be generated for our shareholders. The project will benefit from the excellent technical experience of our teams which are committed to driving low capital intensity while increasing metal production and mine competitiveness to benefit our shareholders, employees and the local economy."

Indicative Statistics for the 15 Mtpa Expansion Project

All of the information in this press release regarding the 15 Mtpa expansion are estimates only based on various assumptions, and internal data and analysis of the Company. The financial metrics shown are internally generated by management and assume a US\$3.00/lb copper price (unless otherwise noted), a US\$18.00/oz silver price and a USD:EUR exchange rate of 1.15.

Key Operating Statistics (2018+, 10yr Averages)

	Unit	15 Mtpa Expansion Plan	9.5 Mtpa Plan	Incremental Change
Total Ore Mined	Mt	163	150	+8.5%
Total Waste Mined	Mt	275	254	+8.2%
LOM Strip Ratio	Waste : Ore	1.7	1.7	(0.3%)
Total LOM (from 2016)	years	13.5	16.5	(3.0)
Total Ore to Mill	Mt	161	141	+14.3%
LOM Copper Mill Grade	%	0.42%	0.42%	--
LOM Copper Recovery	%	84.6%	84.3%	+32 bp
Total Copper Recovered	kt	586	512	+14.3%
Average Annual Copper Recovered	ktpa	52	38	+39.1%
Average Annual Silver Payable	kozpa	697	501	+39.1%

15 Mtpa Expansion Capital Cost Estimate

	Cost (€m)
Direct Field Costs	€51.8
Indirect Field Costs	€13.3
Total Field Costs	€65.2
Home Office Costs	€1.9
Total Costs	€67.1
Project Management & 10% Contingency	€13.3
Total 15 Mtpa Expansion Capital Cost	€80.4

15 Mtpa Processing Cost Estimate of Additional Throughput

Figures shown represent annual processing costs of incremental 5.5 Mtpa of ore above existing 9.5 Mtpa operation.

	Cost (€m)	Cost (€/t ore)
Reagents	€3.9	€0.71
Other Consumables	€10.4	€1.90
Power	€9.8	€1.78
Labour (Laboratory)	€0.3	€0.06
Plant Maintenance	€0.4	€0.07
Total Additional Processing Cost	€24.9	€4.52

Key Financial Metrics (2018+, 10yr Averages)

	Unit	15 Mtpa Expansion Plan	9.5 Mtpa Plan	Incremental Change
Total LOM EBITDA	€m	€927.7	€634.7	46.2%
Unit Processing Cost	€/t ore	€4.25	€4.63	(8.2%)
Average C1 Cash Costs	US\$/lb	\$2.08	\$2.23	(6.5%)
Average AISC	US\$/lb	\$2.18	\$2.33	(6.7%)
Average Annual Sustaining Capex	€m	€6.4	€4.4	+€2.0

Production and All-In Sustaining Cost Profile

Year	Production (kt Cu)	AISC (US\$/lb)
2018	43	\$2.10
2019	41	\$2.14
2020	61	\$2.09
2021	57	\$2.19
2022	56	\$2.23
2023	60	\$2.12
2024	57	\$2.19
2025	55	\$2.29
2026	49	\$2.19
2027	44	\$2.23
2028	38	\$2.22
2029	24	\$2.29

NPV (8% discount rate) and IRR Sensitivities

Flat copper price assumption	US\$/lb	\$2.75	\$3.00	\$3.25	\$3.50	\$3.75
15 Mtpa Expansion Plan NPV (2018+)	US\$m	\$314	\$468	\$621	\$774	\$927
9.5 Mtpa Plan NPV (2018+)	US\$m	\$229	\$355	\$479	\$603	\$727
15 Mtpa Expansion Plan Stand-alone IRR	%	34%	43%	52%	60%	70%

15 Mtpa Expansion Execution Schedule

Overall duration	18 months
Basic & detailed design	4 months
Procurement	10 months
Construction	10 months
Commissioning	6 months

Comparison to the Previous Projecto Riotinto Restart and Expansion Phases

	Unit	Phase I Restart	9.5 Mtpa Plan	15 Mtpa Expansion Plan
Incremental throughput	Mtpa Ore	+5.0	+4.5	+5.5
Nameplate copper production	ktpa Cu	25	40	50-55
Incremental capital cost	US\$m	\$82	\$68*	\$92**
Cumulative capital intensity	US\$/t Cu	\$3,280	~\$4,000*	€4,600***
Unit processing cost	€/t Ore	~€5.01	€4.63	€4.25

* Approximately.

** Based on €80.4m and 1.15 USD:EUR.

*** Based on midpoint of stated range; for expected incremental copper production of 15 ktpa, capital intensity is ~US\$6,100/t Cu.

Qualified Person Statement

The scientific and technical information contained in this press release has been prepared under the supervision of Alberto Lavandeira Adán, Chief Executive Officer of the Company. Mr. Lavandeira is a graduate of the Oviedo School of Mines with a Master of Science in Mining Engineering. He is a Member of the Society of Mining Engineering of Spain since 1980 and has over 38 years mining experience. The scientific and technical information contained in this press release has been reviewed and approved by Roger Davey, Chairman and a Director of the Company. Mr. Davey is a graduate of the Camborne School of Mines, with a Master of Science in Mineral Production Management from Imperial College. He is a Chartered Engineer, a European Engineer and a Member of the Institute of Materials, Minerals and Mining (IMMM) and a “qualified person” under the meaning of National Instrument 43-101 – Standards of Disclosure for Mineral Projects.

About Atalaya Mining Plc

Atalaya is an AIM and TSX listed operational and development group which produces copper concentrates and silver by-product at its fully owned Proyecto Riotinto site in southwest Spain. 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 which is currently in the permitting stage. For further information, visit www.atalayamining.com

This announcement contains information which, prior to its publication constituted inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 (“MAR”). Upon the publication of this announcement, this information is now considered to be in the public domain.

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Forward Looking Statements

This press release contains certain forward-looking statements and forward-looking information (collectively referred to herein as “forward-looking statements”) within the meaning of applicable securities laws. All statements other than statements of historical fact are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as “anticipate”, “achieve”, “could”, “believe”, “plan”, “intend”, “objective”, “continuous”, “ongoing”, “estimate”, “outlook”, “expect”, “may”, “will”, “project”, “should” or similar words, including negatives thereof, suggesting future outcomes. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause the Company’s actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements.

Forward looking statements contained herein include, but are not limited to, statements regarding the 15 Mtpa expansion plan and the associated increases or improvements in production, processing capacity, copper recovery, operational efficiencies, capital costs, operating costs, project economics and financial metrics, future financing and permitting activities, all of which are based on various assumptions including that the operational expansion program will proceed on schedule, that pit optimization will lead to a larger mineable resource, that copper prices will be at levels that render the Proyecto Riotinto economic and that internal data and analyses prove to be accurate. Forward-looking statements also include those relating to the future financial and operating performance of the Company and the Proyecto Riotinto, the estimates and realization of mineral resources and mineral reserves, the timing and amount of estimated future production, plans relating to future exploration, expansion, development and production activities and the realization of expected production and life of mine economics of the Proyecto Riotinto.

Certain risks, uncertainties and factors that may cause the actual results, performance or achievements to differ materially from forward-looking statements include, among others, general business, economic, competitive, political and social uncertainties; the actual results of current exploration, production and expansion activities; the actual results of reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of metals; the future costs of capital to the Company; possible variations of ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated;

accidents, labour disputes and other risks of the mining industry; environmental risks; uncertainties regarding reclamation expenses, title disputes or claims, limitations of insurance coverage, and the timing and possible outcome of litigation and regulatory matters; political instability, terrorist attacks, insurrection or war; and delays in obtaining governmental approvals or financing or in the completion of development, construction or expansion activities.

The reader is cautioned that such forward-looking statements are not a guarantee of future performance and may prove to be incorrect. These forward-looking statements are statements regarding the Company's intentions, beliefs or current expectations concerning, among other things, the Company's and/or its subsidiaries' results of operations, financial condition, prospects, growth, strategies, the industry in which the Company and its subsidiaries operate and are based on the opinions and estimates of management at the date the statements are made and should not be unduly relied on. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future.

These forward-looking statements speak only as of the date of this press release and the Company does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date hereof, except as required by applicable securities laws.

Use of Non-IFRS Financial Measures

This press release refers to certain non-IFRS measures such as EBITDA, cash costs, total cash costs and all-in sustaining costs. However, these performance measures are not measures calculated in accordance with IFRS, do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers. These non-IFRS measures are furnished to provide additional information only, have limitations as analytical tools and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.