

9 July 2018

Atalaya Mining Plc
(“Atalaya” or the “Company”)
Proyecto Riotinto – 29% Increase in Open Pit Mineral Reserves
Updated 43-101 Technical Report

Atalaya Mining Plc (AIM:ATYM, TSX:AYM) is pleased to announce the completion of a NI43-101 compliant technical report on an updated resources and reserves estimate for Proyecto Riotinto in south western Spain.

Highlights

Strong Project Economics

- Total open pit proven and probable mineral reserves at Cerro Colorado are estimated at 197 Mt grading 0.42% Cu
- Updated resources and reserves estimate reports a 29% increase in mineral reserves
- Contained copper increases 21% to 822,000 tonnes
- NPV post-tax at 8% discount rate of US\$512 million using long term copper price of US\$3.00/lb and life-of-mine average Euro to US dollars exchange rate of €1:\$1.18.
- Total cash flow of US\$1,207 million

Reduced Operating Costs

- Estimated average C1 cash costs of US\$2.10/lb of payable Cu net of silver credits
- All-in sustaining costs (“AISC”) of US\$2.22/lb of payable Cu net of silver credits

Capital Costs

- Development capital expenditure of US\$95 million to increase throughput to 15 Mt/y
- LOM sustaining capital expenditure of US\$84 million

Project Parameters

- Recoverable copper within P&P open pit reserves is estimated at 696,500 tonnes and 9.4 million ounces of silver
- Life of Mine (“LOM”) of 13.8 years
- 2019 ramp-up production to 11 Mt/y and 2020 production at 15 Mt/y
- Average yearly production of 50,000 tonnes of copper and 670,000 ounces of silver in concentrate
- Reduced strip ratio, waste to ore, of 1.43:1

Alberto Lavandeira, CEO of Atalaya Mining Plc commented:

“This is a significant milestone in Atalaya’s development. This report shows that we have increased our total open pit proven and probable reserves at Cerro Colorado by almost 30%. The study results strongly support the Company’s decision to increase the mine process plant throughput from 9.5Mtpa to 15 Mtpa by 2020 with a LOM of 13.8 years. The Company anticipates that the new mining plan will report a lower operating cost whilst simultaneously reducing the strip ratio to 1.43:1.”

These results reinforce the significant long-term potential of Atalaya, and are a reflection both of the quality of the asset and the technical expertise of the operational team. We are confident that we can continue to expand the resources and reserves both through continued targeted drilling campaigns and underground upside whilst ramping up production, thereby maximising the exciting opportunity that Proyecto Riotinto represents for the business.”



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Overview and Introduction

Atalaya is a European mining and development company producing copper concentrate from the Riotinto deposit in southern Spain. After an initial 18 months of refurbishment and a subsequent expansion programme, followed by commissioning, the mine is operating at the design capacity of 9.5 Mt/y. An updated mineral reserves and resources estimate has been completed based on the mined surface of the open pit as of 31 December 2017.

In 2017, Atalaya completed a study to determine the processing requirements and associated costs to increase the mine process plant throughput from a nominal 9.5 Mt/y of ROM ore to 15 Mt/y, with a corresponding increase in copper production. In addition, the associated reserves and resources estimate has been updated to support the increase in production.

The property is located at the eastern end of the Iberian pyrite belt (IPB) which extends about 230 km between Sevilla in the east (in southern Spain) and the Atlantic coast south of Lisbon to the west (in Portugal). Within the pyrite belt there are eight major mining areas, each thought to contain more than 100 million tonnes of ore. The Riotinto Copper Project is the largest of these.

Geology and Exploration

The Riotinto massive sulfide deposits occur in the Spanish side of the Iberian pyrite belt, which is part of the South Portuguese Zone (SPZ) of the Iberian Massif. The IPB contains over 100 massive sulphide and stockwork VMS deposits. Over 10 giant (world-class) VMS deposits, each with more than 50 Mt of ore, are hosted by volcanic rocks or associated shales and were formed as exhalative ores in brine pools on the sea-floor or as filled veins and replacement-style mineralisation. Riotinto is the largest deposit in the IPB and has been estimated to have held more than 500 Mt of massive pyrite, complex and stockwork ore.

According to the genetic, rock association and geodynamic setting, the Riotinto volcanic-hosted pyrite-chalcopyrite mineralisation is classified as felsic siliciclastic of Kuroko type. It occurred as lenses of polymetallic massive sulphide that took place at the sea floor in a submarine volcanic environment during the earlier Carboniferous, some 350 My.

Resource and Reserve Statements

The copper resource was constrained using a Lerchs-Grossmann pit shell that was run using a copper price of US\$3.20/lb Cu and all resources including inferred resources. All other slope and economic parameters are the same as those used for design of the open pit for reserve estimation. The resulting pit shell is considered to have reasonable prospects for economic extraction, assuming that the inferred resource is converted to measured and indicated by drilling and that the copper price returns to previous levels that were substantially above US\$3.20/lb. The resource estimate is summarised below.

Riotinto Project - Resource Summary -
Constrained by the US\$3.20/lb Cu Pit Shell and 31 December 2017 Topography

Resource Class	Cutoff (% Cu)	Tonnes (millions)	Cu (%)	S (%)
Total Measured	0.15	152.1	0.39	4.95
Total Indicated	0.15	106.1	0.40	5.06
Total M+I	0.15	258.2	0.40	5.00
Total Inferred	0.15	18.1	0.50	7.19

Note: the above resources are net attributable to Atalaya. Further details can be seen at the end of this announcement.

The following table presents the estimates of proven and probable mineral reserves and the combination of both for the Cerro Colorado open pit. All Filón Sur backfill material and all material classified as inferred mineral resources were treated as waste.

Cerro Colorado Pit Mineral Reserve Estimate

Classification	Mineral Reserves >= \$6.40/t NSR					Waste ktonnes	Total ktonnes	Strip Ratio
	ktonnes	NSR \$/t	Cu%	RCu%	S%			
Proven	127,964	16.32	0.41	0.35	4.67			
Probable	68,961	17.32	0.44	0.37	4.89			
Proven + Probable	196,925	16.67	0.42	0.35	4.75	281,484	478,409	1.43

Note: the above reserves are net attributable to Atalaya. Further details can be seen at the end of this announcement. RCu in this table refers to recoverable copper, NSR is net smelter return.

Total proven and probable mineral reserves are estimated at nearly 197 Mt grading 0.42% Cu. Contained copper is estimated at 822,000 tonnes. Waste rock and backfill are projected at about 281 Mt, resulting in a stripping ratio of 1.43. All the mineral reserves reported above are contained within the mineral resources reported in section 14 of the report.

The mineral reserve estimates in this report are effective as of 31 December 2017.

Metallurgical Testwork and Processing

Metallurgical testwork results and current plant performance indicate that Riotinto ore is amenable to conventional crushing, grinding, froth flotation, dewatering and filtering processes. The ore for the current operation is mined from 5 different zones with different but acceptable metallurgical performance variability when processing with conventional flotation machines and a mixture of reagents at a basic pH.

The process plant design has been modified to achieve the increased plant throughput rate of 15 Mt/y. A new primary crushing circuit, a coarse ore stockpile, a new primary milling circuit, a new rougher flotation circuit, a new thickener and two new filters are incorporated as part of the 15 Mt/y expansion. The aim of the 15Mt/y expansion is to utilise only primary crushing with a SAG mill and eliminate the high operating cost of the existing secondary and tertiary crushing circuit.

Infrastructure and Services

The property is well connected for road transportation via a high quality national road system that was recently renovated. The site is located 75 km from the port and the industrial city of Huelva, and 88 km from the regional capital, Seville.

Copper concentrate is transported by road to the Huelva port where it is stored for ocean transport to various commercial destinations.

A conceptual design of the tailings storage facilities considering 197 Mt of mineral reserves and the increase in annual production of tailings from the current 9.5 Mt/y to 15 Mt/y has been developed. The design is based on centre line raises to maximise storage capacity of the three existing impoundments.

The 15 Mt/y expansion will require permitting the various components of the project according to the Spanish regulatory framework. The mill expansion is considered a minor modification to the existing permit since it only requires updating the existing equipment with minimal increase in affected areas. The permit to begin mill construction was granted in early 2018.

Capital Costs, Operating Costs and Economic Results

In 2016, Atalaya completed an expansion from 5.0 Mt/y to 9.5 Mt/y and a further expansion to 15 Mt/y is planned for completion in 2019. The ore reserve discussed in Chapter 15 of the report is estimated at 197 M tonnes averaging 0.42% Cu. Production over the life of mine is summarised below.

Life of Mine Production

Waste	281.5	M tonnes
Ore	196.9	M tonnes
Grade Cu	0.42	%
Contained Metal in concentrate, Cu	696.5	k tonnes
Payable Metal, Cu	664.2	k tonnes

Life of Mine capital costs including expansion to 15 Mt/y, sustaining and tailings capital are estimated to be US\$178.9M. Development capital spent to date (April 2018) by unit area is shown in the following table.

Development Capital Expenditure to Date

	Actual Committed to Date (in US\$)	Forecast to Completion (in US\$)
Occupational Health and Safety	3,334	151,914
Exploration and Geology	0	123,430
Mining	403,665	196,824
Processing	3,143,997	5,1087,424
Infrastructure	1,873,325	6,102,921
Engineering	64,097	6,997,816
Construction Management	1,759,241	25,215,422
Owners Costs	0	1,898,925
Permitting	0	481,651
Insurance	0	858,371
Contingency	0	1,831,539
Capital Expenditure Total	35,539,660	94,946,236

Capital requirements are shown below:

Sustaining Capital	\$9.9 M	Total, life-of-mine
Sustaining Capital Tailings Dam	\$74.1 M	Total, life-of-mine
Development Capital	\$94.9 M	15 Mt/y expansion
Overall Capital Programs	\$178.9 M	Total, life-of-mine

Mining operating costs, inclusive of those capitalised, are equivalent to an average unit cost of US\$4.23 per tonne of ore. The average unit processing cost is US\$5.26 per tonne of ore. Silver by-product credits assume 9.4M ounces sold at US\$18.0/oz life of mine. Site Operating Costs average the equivalent of US\$1.79 per pound of copper sold.

Financial forecasts show that after tax, net cash flows inclusive of capital expenditures and closure costs will total US\$1,206.7M over the life of the project for an NPV of US\$511.8M at an 8% discount rate. The overall project cash costs (C1), net of silver credits are US\$2.10 per pound of copper sold increasing to US\$2.22 per pound of copper sold, net of silver credits, adjusting for the sustaining costs (AISC).



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Atalaya has successfully refurbished and expanded the Riotinto plant and infrastructure and is presently mining the Cerro Colorado open pit. The exploitation plan for the Riotinto Project utilises conventional truck and excavator open pit mining methods for the Cerro Colorado deposit. A fixed internal cutoff of US\$6.40/t NSR will be employed to maximize the total cash flow of the mining schedule based on an initial ore processing rate of 9.5 Mt/y in 2018, expanding to 15 Mt/y in 2020 and thereafter. At a Cu price of US\$2.60/lb, total proven and probable mineral reserves are estimated at nearly 197 Mt grading 0.42% Cu and containing about 822,000 tonnes of Cu metal. Waste rock, including backfill in old workings, totals about 281 Mt for an average stripping ratio of 1.43. The mine's life is estimated at 13.8 years. In addition, Lerchs-Grossman analysis of the mineral resource indicates that with a 15% increase in copper price, from the base case US\$2.60/lb to US\$3.00/lb could increase the reserve tonnage by approximately 21%.

About Atalaya Mining Plc

Atalaya is an AIM and TSX listed mining and development company 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 inside information for the purposes of Article 7 of Regulation (EU) no 596/2014.

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SUMMARY OF RESERVES AND RESOURCES

Resource Summary-Constrained by the US\$3.20/lb Cu Pit

Riotinto Project - Resource Summary -
 Constrained by the US\$3.20/lb Cu Pit Shell and 31 December 2017 Topography

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

Mineral Reserve Estimates by Classification

Cerro Colorado Pit Mineral Reserve Estimate

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QUALIFIED PERSON AND QUALITY CONTROL

Information of a scientific or technical nature in this Technical Report 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, William Rose (WLR Consulting), Jaye Pickarts, Roger White (Golder), John Fleay and Matt Langridge (Minnovo).

Mr. Noble has verified the data disclosed, including sampling, analytical, and test data underlying the information or opinions contained in this announcement in accordance with standards appropriate to their qualifications. Mr. Noble is independent of Atalaya.

Atalaya will be filing this technical report for Proyecto Riotinto disclosed herein within 45 days of this press release. The report will be filed on SEDAR at www.sedar.com and on the Company's website.

GLOSSARY OF TECHNICAL TERMS

Cu	Copper
Cut-off grade	The minimum grade at which mineralized material can be economically mined and processed for the purpose of the reserve calculation.
Feasibility Study	Is a comprehensive technical and economic study of the selected development option for a mineral project that includes appropriately detailed assessments of realistically assumed mining, processing, metallurgical, economic, marketing, legal environmental, social and governmental considerations together with any other relevant operational factors and detailed financial analysis, that are necessary to demonstrate at the time of reporting that extraction is reasonably justify (economically mineable).
Inferred Mineral Resource	That part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and 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 reasonably expected 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 physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation. An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Mineral Reserve.
lb	Pound.
Measured Mineral Resource	That part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation. A Measured Mineral Resource has 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 diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. Mineral 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 form, 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 mineral project that has advanced to a stage where a preferred mining method. in the case of underground mining, or the pit 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 Indicate 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

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.