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Atalaya Mining Plc.
 ("Atalaya" or "the Company")

Q4 2022 Operations Update and 2023 Production Guidance

Well positioned for 2023 with a strong final quarter of production

Atalaya Mining Plc (AIM: ATYM, TSX: AYM) is pleased to announce its operations update for the fourth quarter of 2022 ("Q4 2022" or the "Period").

Proyecto Riotinto Operating Highlights

		Q4		Q3	Full Year		
		2022 ⁽¹⁾	2021	2022	2022 ⁽¹⁾	2021	2023 Guidance
Ore mined	(M tonnes)	3.5	3.5	3.8	14.9	13.5	17.1
Waste mined	(M tonnes)	5.3	7.3	5.8	24.7	30.5	24.1
Ore milled	(M tonnes)	4.0	3.8	3.9	15.4	15.8	15.3 – 15.8
Cu grade	(%)	0.41	0.41	0.41	0.40	0.41	0.40 – 0.42
Cu recovery	(%)	86.24	87.04	84.62	85.85	85.97	84 – 86
Cu production	(tonnes)	13,969	13,872	13,453	52,269	56,097	53,000 – 55,000

⁽¹⁾ Figures for Q4 2022 are preliminary and final figures will be released with 2022 financial results.

Mining

Ore mined was 3.5 million tonnes in Q4 2022 (Q4 2021: 3.5 million tonnes), compared with 3.8 million tonnes in Q3 2022. Ore mined was 14.9 million tonnes in FY2022 (FY2021: 13.5 million tonnes).

Waste mined was 5.3 million tonnes in Q4 2022 (Q4 2021: 7.3 million tonnes), compared with 5.8 million tonnes in Q3 2022. Waste mined was 24.7 million tonnes in FY2022 (FY2021: 30.5 million tonnes).

Processing

The plant processed ore of 4.0 million tonnes during Q4 2022 (Q4 2021: 3.8 million tonnes), compared with 3.9 million tonnes in Q3 2022. Throughput was 15.4 million tonnes in FY2022 (FY2021: 15.8 million tonnes), demonstrating strong plant performance despite the negative impact of the Q1 2022 transport sector strike and related stoppage. The plant continues to highlight its ability to operate above its 15 million tonne per annum nameplate capacity.

Copper grade was 0.41% in Q4 2022 (Q4 2021: 0.41%), compared with 0.41% in Q3 2022. Copper grade was 0.40% in FY2022 (FY2021: 0.41%). Lower grades in FY2022 were the result of blending with lower grade stockpiles during H1 2022 due to pit sequencing.

Copper recoveries in Q4 2022 were 86.24% (Q4 2021: 87.04%), compared with 84.62% in Q3 2022 which was negatively impacted by the characteristics of the ore processed. Copper recoveries in FY2022 were 85.85% (YTD 2021: 85.97%).

Production

Copper production was 13,969 tonnes in Q4 2022 (Q4 2021: 13,872 tonnes), compared with 13,453 tonnes in Q3 2022. Copper production was 52,269 tonnes in FY2022 (FY2021: 56,097 tonnes). Lower production for FY2022 was the result of lower grades (pit sequencing) and lower throughput (including the impact of the Q1 2022 plant maintenance stoppage).

On-site copper concentrate inventories at the end of Q4 2022 were approximately 3,529 tonnes. All concentrate in stock at the beginning of the Period was delivered to the port at Huelva.

Copper contained in concentrates sold was 14,027 tonnes in Q4 2022 (Q4 2021: 13,568 tonnes) and 52,323 tonnes in FY2022 (FY2021: 61,662 tonnes).

Select Financial Highlights

Realised Copper Price

The average realised copper price excluding QPs closed during the Period was \$3.70/lb in Q4 2022 (Q4 2021: \$4.40/lb), compared with \$3.52/lb in Q3 2022. The average spot copper price was \$3.63/lb in Q4 2022. The average realised copper price excluding QPs closed was \$3.96/lb in FY2022 (FY2021: \$4.22/lb).

Provisional Revenue Adjustments

For Q4 2022, settlement adjustments (on QPs closed during the Period) and fair value adjustments (for open QPs based on copper forward curve prices as at 31 December 2022) amounted to positive €5.0 million.

Balance Sheet

Despite cost inflation and the impact of unprecedented electricity costs in 2022, Atalaya's balance sheet remains strong with unaudited consolidated cash and cash equivalents of €126.2 million at 31 December 2022.

Net of current and non-current borrowings of €73.0 million, net cash was €53.2 million as at 31 December 2022, compared with €55.6 million as at 30 September 2022 and €60.1 million as at 31 December 2021.

2023 Production Guidance

The Company expects that the strong operating performance shown in recent quarters will continue into 2023, with the plant at Riotinto maintaining throughput above nameplate capacity and copper grades improving from 2022 levels. Accordingly, copper production for 2023 is expected to be in the range of 53,000 to 55,000 tonnes.

Consistent with prior years, the Company will provide cost guidance for 2023 when it reports its 2022 Annual Results.

Electricity Market in Spain

Situation Update

During 2022, electricity prices in Spain were at unprecedented levels as a result of the impact of the war in Ukraine on the European and global energy markets. Severe spikes in natural gas prices in Europe pushed electricity prices in Spain to over €500/MWh in March 2022 and similar levels in late August and early September, with average realised prices for Q3 2022 reaching around €290/MWh.

Electricity prices moderated in Q4 2022, due to the combination of mild weather in Europe, good supplies of LNG into Europe and a strong contribution from wind generation in Spain. As a result, estimated realised electricity prices for Q4 2022 were approximately €170/MWh, which is over 40% below Q3 2022 levels of around €290/MWh.

For FY2022, the estimated realised electricity price is expected to be approximately €240/MWh, compared with FY2021 prices of approximately €65/MWh. As previously disclosed, an increase or decrease in realised electricity prices of €100/MWh results in an increase or decrease, respectively, to the Company's annual operating costs of around €37 million.

Electricity Procurement for 2023 and Beyond

As a result of the electricity price so far in 2023 and the expected benefits from two key company specific electricity procurement initiatives, Atalaya is optimistic on the outlook for overall electricity costs for FY2023 and beyond.

On 1 January 2023, the Company's previously announced long-term power purchase agreement ("PPA") took effect. The 10-year agreement will provide the Company with approximately 31% of its

current electricity requirements at a fixed rate that is over 75% lower than the estimated average realised electricity price in 2022 and also below the rates realised in 2021.

The Company continues to advance construction of its 50 MW solar plant at Riotinto, which is expected to provide approximately 22% of its current electricity needs when fully operational. Most of the materials are now on site and start-up of the 50 MW solar plant is expected in H2 2023. Combined, the 50 MW solar plant and long-term PPA will provide over 50% of the Company's current electricity requirements at an average final cost of less than €40/MWh.

As previously disclosed, the Company continues to evaluate additional renewable power initiatives that could deliver further low cost and carbon-free electricity for its operations at Riotinto, including wind turbines. Following the installation of an evaluation tower in September 2022, new wind measurements are now being compared to the extensive historical ground level data in order to establish confidence in the area's wind characteristics and determine the viability of developing a small wind farm at Riotinto dedicated to self consumption.

Asset Portfolio Update

E-LIX Phase I Plant

The Company continues to advance construction of the E-LIX Phase I plant. In recent weeks, activities have included the completion of most civil and structural work, with equipment now being assembled. The plant is expected to be ready for commissioning towards the end of H1 2023.

Once operational, the E-LIX plant is expected to produce high purity copper or zinc metals on site, allowing the Company to potentially achieve higher metal recoveries from complex polymetallic ores, lower transportation and concentrate treatment charges and a reduced carbon footprint.

Riotinto District – San Dionisio and San Antonio

The Company continues to advance a preliminary economic assessment ("PEA") for a scenario that combines Cerro Colorado reserves with higher grade material from San Dionisio, which has the potential to increase copper production by increasing the blended head grade processed at Riotinto's 15 Mtpa plant. The PEA is expected to be completed during H1 2022. The permitting process for San Dionisio also continues.

Riotinto District – Proyecto Masa Valverde ("PMV")

Three core rigs continue to be active and are focused on step-out drilling at the Masa Valverde deposit, resource definition drilling at the Campanario Trend and drill testing Fix Loop Electromagnetic ("FLEM") anomalies at the Mojarra Trend. A comprehensive update on recent exploration results at these targets was announced in November 2022.

The second hole (MR02) drilled at the Mojarra Trend, in a previously undrilled area, intersected massive sulphides at 434m depth. Assay results returned a main mineralised interval of 18.75m at 0.84% Cu, 0.63% Zn, 0.66% Pb and 76.24 g/t Ag including a higher-grade interval of 6.80m at 1.22% Cu and 101.60 g/t Ag.

Step-out drilling in the westernmost area of the Masa Valverde deposit discovered a new high-grade zinc zone in hole MJ54, including a main mineralised interval of 18.00m at 0.25% Cu, 8.30% Zn, 2.49% Pb, 60.17 g/t Ag and 0.89 g/t Au from 852 meters depth.

Resource definition drilling at the Campanario Trend continues to encounter shallow, massive, and semi-massive sulphides with, in cases, associated high grade intersections. For example, hole CA42 in the western part of the Campanario Trend assayed 7.50m at 0.45% Cu, 1.09 g/t Ag and 6.67 g/t Au from 35m depth.

An airborne gravity gradiometry ("AGG") and magnetic survey covering the entire PMV is near completion. AGG is a leading technology in the search for buried mineral deposits, especially those of the size that is typical in the Iberian Pyrite Belt.

Work continues on the PEA which will consider operating PMV as a satellite deposit by processing mined material at Riotinto's 15 Mtpa plant. Further metallurgical testing for the Masa Valverde and Majadales deposits is now planned for inclusion in the PEA, which may also include new results

from the regional drilling programme, therefore the Company now expects the PEA to be completed no earlier than H2 2023. The permitting process for PMV is also ongoing.

Proyecto Touro

Atalaya remains fully committed to the development of the Touro copper project in Galicia, which could become a new source of copper production for Europe. Running parallel with the permitting process, the Company is focused on numerous initiatives related to securing the social licence, including engaging with the many stakeholders in the region in advance of its plans to submit a new improved project design. Positive and favourable feedback from numerous meetings with municipalities, farmer and fishermen associations and other industries indicate meaningful support towards the development of a new and modern mining project.

The Company is now operating a new water treatment plant at Touro, which is addressing the legacy issues associated with acid water runoff from the historical mine, which closed in 1987. The construction of the treatment plant was contemplated in the original project proposal, but Atalaya volunteered to fix the historical acid water issues prior to the new Environmental Impact Assessment (“EIA”) in order to demonstrate its operating philosophy and the benefits of modern operating systems. The field work carried out by Atalaya has resulted in an immediate and visible improvement of the water systems surrounding the project.

Atalaya continues to be confident that its approach to Touro, which includes fully plastic lined thickened tailings with zero discharge, is consistent with international best practice and will satisfy the most stringent environmental conditions that may be imposed by the authorities prior to the development of the project.

Proyecto Ossa Morena

Two short drilling programmes were completed at the Hinchona and Chaparral copper-gold prospects, which are both located in the central part of the district.

At Hinchona, four holes totalling 1,874m were completed, with the initial results previously announced in November 2022. The best results were in the southernmost hole, HIN04, with several mineralised intervals such as 14.95m at 0.29% Cu from 239.35m depth and including two higher-grade intervals of 3.40m at 0.80% Cu, 1.84 g/t Ag and 479 ppm Co and 1.45m at 1.01% Cu and 6.04 g/t Ag.

At Chaparral, four holes totalling 1,185m were recently completed and results will be published once the exploration campaign is completed. Drilling at the flagship Alconchel-Pallares copper-gold project is expected to commence during Q1 2023.

Riotinto East

Drill target definition continues to progress and the first drill testing of selected anomalies is planned to start during Q1 2023. An airborne gravity gradiometry and magnetic survey covering the entire project will commence shortly.

Alberto Lavandeira, CEO, commented:

“We are pleased to have closed 2022 with a strong quarter, allowing the Company to deliver solid production for the year despite the disruption during Q1. The year was dominated by geopolitical and macroeconomic factors, including war, cost inflation and an unprecedented energy crisis in Europe, but for the most part, our operational performance was not impacted.

We look forward to 2023 and expect Q4’s momentum to continue, both in terms of operations and also with respect to energy prices. The combination of lower market electricity prices and the contribution from our long-term PPA and 50 MW solar plant are expected to reduce our costs materially compared with 2022.

Despite the cost headwinds we faced, our balance sheet remains strong and will allow Atalaya to continue to invest in growth and cost reduction initiatives, including E-LIX, higher-grade orebodies and exploration across our portfolio. In addition, our financial strength means we are well positioned to develop Touro should approvals be granted, which could become a new source of copper production in Europe.”

This announcement contains information which, prior to its publication constituted inside information for the purposes of Article 7 of Regulation (EU) No 596/2014.

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About Atalaya Mining Plc

Atalaya is an AIM and TSX-listed mining and development group which produces copper concentrates and silver by-product at its wholly owned Proyecto Riotinto site in southwest Spain. Atalaya's current operations include the Cerro Colorado open pit mine and a modern 15 Mtpa processing plant, which has the potential to become a centralised processing hub for ore sourced from its wholly owned regional projects around Riotinto that include Proyecto Masa Valverde and Proyecto Riotinto East. 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, as well as a 99.9% interest in Proyecto Ossa Morena. For further information, visit www.atalayamining.com