

5 June 2017

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

**Proyecto Touro - Progress update**

Atalaya (AIM:ATYM, TSX:AYM), the European mining and development company, is pleased to provide an update on the development progress at its Touro copper project ("Proyecto Touro") in North-western Spain.

Significant milestones include:

- Successful completion of metallurgical test-work which has demonstrated that high grade clean concentrates and high recovery rates can be expected at Proyecto Touro.
- Completion of 26,557 metres of exploration and in-fill drilling to provide the basis of an NI 43-101 technical report.
- Signing of a new purchase option agreement on the exploration concessions around Proyecto Touro that gives the Company control over the entire geological district hosting additional mineralised zones.

**Metallurgical test-work**

A comprehensive test-work programme has been completed by SGS Australia to confirm the process flowsheet design and assess the geo-metallurgical response of the Proyecto Touro ores. The programme included mineralogical analysis, comminution, flotation and materials handling testing. Composite and variability samples were prepared using fresh drill core and were tested using both batch and locked cycle test procedures.

Predicted metallurgical recoveries for primary ores, based on logarithmic modelling, reported very strong correlation with actual recovery in locked cycle composite tests. In the case of transitional ore, a fixed tail grade model best fitted results for the transitional samples tested. On an overall basis, the locked cycle tests, which emulate the expected plant performance, gave copper recoveries ranging from 83% to 96% with an average of 89%.

Results from the programme indicate that high grade concentrates can be produced with an average grade of 29% copper and metallurgical recoveries of 89%. The concentrates produced were very clean and free of deleterious elements such as arsenic and lead.

These results have been incorporated into the process design criteria, equipment sizing and capital and operating cost estimates for the project.

**Exploration and in-fill drilling completed**

Atalaya has carried out exploration activities during the exclusivity period which included:

- Compilation of historic exploration drilling and mining data
- Soil geochemistry
- Reverse circulation and diamond drill hole drilling for a total of 272 holes and 26,557 metres
- Block modelling and resource and reserve estimates

Historic exploration and mining records were collected and compiled into a newly created database. The exploration database has been independently validated for resource estimation purposes.

Soil geochemistry was completed around historical prospects and outcrops. Anomalies outlined were followed up with drilling, confirming that this technique is a valid method for further exploration.

Exploration drilling was divided into step-out and in-fill drilling. A total of 88 step-out holes for 11,388 metres and 184 infill holes for 15,169 metres were drilled and incorporated into the exploration database. Of particular significance is the fact that the programme has confirmed that Arinteiro and Vieiro, known historically as two separate orebodies, are in fact a single orebody.

The detailed exploration programme has confirmed that the mineralisation in Proyecto Touro is hosted in a series of lenses of metabasites (amphibolites) that occur continuously interbedded and concordant within a thick horizon of metasediments (paragneiss).

Copper mineralisation is hosted in amphibolite lenses and the ore zones consist of a strata-bound level of disseminated chalcopyrite and minor pyrrhotite that occurs as lenses closely associated with coarse garnet amphibolite. In general, the orebodies are tabular, shallow dipping, very consistent and continuous in terms of geometry and grade-thickness values.

Block modelling, which incorporates a revised geological interpretation, is essentially complete with only final verification pending by independent QPs. Resource and reserve estimates are also at an advanced stage with results to be released as part of an NI 43-101 compliant technical report in due course.

#### **Option to acquire exploration concessions surrounding Proyecto Touro**

Atalaya has signed an option to acquire 100% of the shares of EGC, a privately held company that controls 100% of the exploration concessions immediately surrounding Proyecto Touro.

The concessions cover a surface of 122.7 km<sup>2</sup>, and include some well documented mineralised copper occurrences. (See map at the end of this release for reference).

The financial terms of the deal are subject to a confidentiality agreement and will be announced in due course if the option is exercised. If the acquisition is finally agreed to, the conditions will be similar to the payment terms (based on USD cents per pound of reserves) of the current earn-in agreement at Proyecto Touro. The option period is for 2.5 years and approximately 75% of the payment is conditional on receiving all the permits required to produce from a drilled out zone known to contain potentially mineable resources being granted.

The exploration option agreement has been structured so that the key payments will only occur once the project is substantially de-risked and permitted. The current owners will retain a royalty on the new discoveries found at their concessions and have granted Atalaya Mining a royalty buy-back option at pre-agreed terms.

#### **Alberto Lavandeira, CEO, commented:**

*"We are very pleased with the results of the metallurgical test work at Proyecto Touro. The combination of high concentrate grades and recoveries, together with the lack of deleterious elements, will provide additional value to the project."*

*Furthermore, the very detailed exploration work carried out during our earn-in option period at Proyecto Touro has demonstrated the significant potential to add new copper reserves to the project. In order to confirm the potential of the whole belt we have signed a purchase option over all the concessions that surround Proyecto Touro and will start exploration of these shortly.*

*Proyecto Touro is rapidly emerging as our next near term copper producing asset in Spain and I am confident that our team's proven efficient development skills will be applied at Proyecto Touro in order to replicate the success of our Riotinto copper mine."*

For images relating to the work undertaken at Proyecto Touro, please see the attached PDF.

[http://www.rns-pdf.londonstockexchange.com/rns/0791H\\_-2017-6-2.pdf](http://www.rns-pdf.londonstockexchange.com/rns/0791H_-2017-6-2.pdf)

**Contacts:**

Newgate Communications	Charles Chichester / James Ash / James Browne	+44 20 7680 6550
Canaccord Genuity (NOMAD and Joint Broker)	Henry Fitzgerald-O'Connor / Martin Davison / James Asensio	+44 20 7523 8000
BMO Capital Markets (Joint Broker)	Jeffrey Couch/Neil Haycock/Tom Rider	+44 20 7236 1010

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