

**ATALAYA MINING PLC**  
**("Atalaya" or the "Company")**

**Q3 2016 Operational Update**

**Copper Production Doubles as Plant Expansion Ramp-Up Continues**

Atalaya (AIM: ATYM, TSX: AYM), the European mining and development company provides an operations update for Q3 2016 for Proyecto Riotinto.

**Q3 2016 Highlights**

- Production during Q3 2016 was 8,752 tonnes of copper in concentrate (Q2 2016: 4,442 tonnes). This represents a 97% increase quarter on quarter.
- Recoveries increased to 83.60% during Q3 2016 (Q2 2016: 79.80%), with a recovery rate of 84.72% being achieved during September 2016.
- 2.0 million tonnes of ore were processed during Q3 2016 (Q2 2016: 1.3 million tonnes).
- Atalaya maintains its copper production guidance of 23,500 to 27,000 tonnes for 2016.
- Filing of an updated NI 43-101 technical report for the Riotinto Copper Project.
- Completion of US\$14 million copper concentrate prepayment funding agreement with Transamine Trading S.A.

**Production Ramp-up**

During Q3 2016, the Company focused on ramping up production to 9.5Mtpa. Plant availability during the quarter improved over previous quarters. The Company is aiming to be operating at nameplate capacity by the end of 2016.

**Mining and Processing**

Total production of copper in concentrate almost doubled to 8,752 tonnes in Q3 2016, compared with production of 4,442 tonnes in Q2 2016.

- Recovery rates improved during Q3 2016, averaging 83.60%, with September reporting 84.72%.
- Final grade in concentrate for Q3 2016 was 20.47% compared with 21.54% in Q2 2016.
- Tonnes processed during Q3 2016 increased by over 50% to 2.0 million tonnes, up from 1.3 million tonnes in Q2 2016.
- Ore extraction during Q3 2016 totalled 2.1 million tonnes compared with 1.3 million tonnes in Q2 2016.
- Marginal ore extracted during Q3 2016 was 557 thousand tonnes compared with 177 thousand tonnes in Q2 2016.
- A total of 3.4 million cubic metres of waste was removed during Q3 2016 compared with 1.3 million cubic metres in Q2 2016.

**Exploration and Geology**

An updated Reserves and Resources statement was released on 14 July 2016 with a 12% increase in contained reserves, extending the life of mine to 16.5 years. The Company filed a NI 43-101 technical report update for its Riotinto Copper Project on 29 September 2016, on a voluntary basis, as part of its continuing efforts to keep the market fully updated. The lead author was Alan C. Noble, P.E., a "Qualified Person" within the meaning of NI 43-101 and the AIM rules for Companies. Mr. Noble is independent of the Company.

**Infrastructure**

A water treatment plant is now fully operational after successful commissioning during the quarter. Dewatering of Cerro Colorado open pit is progressing according to plan.

**Financial**

On 5 September 2016, the Company announced the completion of a significant portion of its funding requirements for the expansion project by entering into a US\$14 million copper concentrate prepayment funding agreement with Transamine Trading S.A., a privately owned commodity trading company based in Geneva, Switzerland. The Company continues to work on additional alternative funding solutions to improve its working capital position during the final phase of its ramp-up to nameplate capacity.

The Company anticipates releasing its Q3 2016 Financial Statements with sales and operating costs towards the end of November 2016.

**Alberto Lavandeira, CEO commented:**

"We are pleased with the plant's performance during Q3. During the quarter we focused on removing bottlenecks in the plant. As a result, production reported a substantial increase when compared with Q2 2016 and the recovery rate has rebounded and exceeded our previously stated target rate for the plant. We continue to work towards nameplate capacity which we hope to achieve before the year end."

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

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