

Atalaya Mining Plc

**("Atalaya" or the "Company")
(AIM: ATYM, TSX: AYM)**

Nameplate capacity achieved at Riotinto Copper Project and production guidance provided for 2017

Atalaya is pleased to report that nameplate capacity of 9.5Mtpa was achieved during December 2016 at its 100% owned Riotinto Copper Project ("Proyecto Riotinto"), located in Andalucía, Spain.

The plant reached nameplate capacity during a single run of ten consecutive days during the early part of December, treating an average of 28,685 dry metric tonnes per day and achieving design recoveries and concentrate grades. After normal, scheduled maintenance and plant availability parameters are considered, the current treatment rates are enough to give comfort that the planned 9.5 Mtpa will be achieved during 2017.

Production guidance for 2017 is forecast to be in the range of 34,000 - 40,000 tonnes of copper which, at current copper prices, is expected to generate positive operating cash flows for the Company. The management team will continue to look for and implement ways in which the operation could be further optimised in terms of throughput, recoveries and cost efficiencies to further improve the results of the Company.

In an effort to improve its working capital, the Company has reached an agreement with the mining contractor to defer certain payments totalling €8 million until 2018. By then, the Company expects to be generating stronger cash flows on a sustained basis, based on its operating budgets for 2017. This agreement covers a significant part of the Company's current working capital needs and demonstrates the excellent working relationship the Company enjoys with one of its key stakeholders.

Alberto Lavandeira, CEO, commented:

"We are pleased to report that Proyecto Riotinto has achieved its nameplate capacity in record time. I would personally like to thank the entire Atalaya team for ensuring that we reached this milestone before the end of 2016. We look forward to sustained levels of production at Proyecto Riotinto in 2017 and beyond and we will continue to look for ways to optimise our operations."

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

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