

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

2016 Operations Update

Copper production in line with high end of production guidance

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

The Company achieved nameplate capacity of 9.5Mtpa, with copper production, recoveries and ore processed increasing on a quarter-on-quarter basis throughout the period.

2016 Highlights

- Copper production during 2016 amounted to 26,179 tonnes, in line with the high end of our 2016 production guidance. Contained copper production during Q4 2016 was 8,938 tonnes (Q3 2016: 8,752 tonnes).
- Average copper recoveries during 2016 were 83.29%. Recoveries increased to 84.47% during Q4 2016, compared with 83.60% during Q3 2016.
- A total of 6.5Mt of ore was processed during 2016. Processing rates during Q4 2016 were similar to those of Q3 2016, reporting 2.0 million tonnes of ore.
- 2017 production guidance is forecast to be between 34,000 and 40,000 tonnes of copper in concentrate.

Production Ramp-up

During 2016, the processing plant was running at 5.0 Mtpa up until May when the Expansion Project was brought on line. Since then, a ramp-up programme was executed resulting in the attainment of nameplate capacity of 9.5 Mtpa in December 2016.

Overall, the Company achieved an annual processing rate of 6.5Mt of ore for 2016. Processing rates during Q4 2016 were similar to Q3 2016 reporting 2.0 million tonnes of ore.

Scheduled maintenance inspections were executed at the end of December 2016 and early January 2017, resulting in an overall availability of the process plant of 94.8% for 2016.

Mining and Processing

During 2016, production amounted to 26,179 tonnes of copper contained in concentrate, in line with the high end of our production guidance of 23,500 to 27,000 tonnes. Contained copper production during Q4 2016 was 8,938 tonnes, slightly above the Q3 2016 figure of 8,752 tonnes.

- Copper recoveries during 2016 averaged 83.29%, well above historical records. Q4 2016 reported recoveries of 84.47%, up from 83.60% during Q3 2016 mainly as a result of modifications to the process flowsheet.
- Copper grade in concentrate averaged 21.56% during 2016, with copper grade in concentrate for Q4 2016 increasing to 22.79%, compared with 20.47% in Q3 2016.
- Total ore extraction during 2016 amounted to 6.8 million tonnes. Q4 2016 ore extraction was slightly above Q3 2016, reaching 2.3 million tonnes compared with the 2.1 million tonnes for Q3 2016.
- Marginal ore extracted during 2016 reached 1.4 million tonnes and waste removed amounted to 3.5 million cubic meters.

Exploration and Geology

Exploration drilling was concentrated on the northern extension of the historic Atalaya pit. Results are positive, but preliminary, with further drilling to continue during 2017.

Infill drilling on the south-western side of the Cerro Colorado pit (historic Filon Sur open pit and underground workings) was also positive, reporting significant copper intercepts. Further confirmation drilling is ongoing.

Infrastructure

At the end of December 2016, an overhaul maintenance programme was successfully performed at the main high-voltage incoming substation.

An existing water diversion canal situated north of the tailings storage facility was upgraded to conform to water management plans.

Financial

In an effort to improve its working capital, the Company reached an agreement in December 2016 with its mining contractor to defer certain payments totalling €8 million until 2018. The Company expects to be generating stronger cash flows on a sustained basis by then, 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.

The Company expects to release its 2016 Financial Statements, including sales and operating costs, in early April 2017.

Alberto Lavandeira, CEO commented:

"2016 was a year of project development and ramp-up for our Company. Our results have generated strong production figures and give us significant confidence going forward. We look forward to 2017 as a year of consolidation with further operating improvements and cost efficiencies."

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

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