



22 January 2018

**Atalaya Mining Plc**  
**(“Atalaya” or the “Company”)**  
**2017 Operations Update and 2018 Guidance**

Atalaya Mining plc (AIM: ATYM; TSX: AYM) is pleased to announce its operations update for the calendar year 2017 and to provide operational guidance for 2018.

PROYECTO RIOTINTO

		Fourth quarter		Third quarter	Full year		
		2017	2016	2017	2017	2016	2018 Guidance
Ore mined	(M tonnes)	2.5	2.3	2.4	9.3	6.8	9.7
Waste mined	(M tonnes)	5.7	3.6	5.2	19.8	13.5	16.5
Ore milled	(M tonnes)	2.3	2.0	2.2	8.8	6.5	9.6
Cu grade	(%)	0.44	0.52	0.58	0.49	0.48	0.48
Cu recovery	(%)	86.11	84.77	85.95	85.45	82.99	84 – 86
Cu production	(tonnes)	8,622	8,938	10,679	37,164	26,179	37,000 – 40,000

Copper production at Proyecto Riotinto for 2017, the first full year of commercial production, was 37,164 tonnes up from 26,179 tonnes reported in 2016. For 2017 the operation reported a cumulative throughput rate of 8.8Mtpa with average copper head grade of 0.49% and a recovery rate of 85.45%. On a comparative basis to 2016, throughput has increased as operations were stabilised, copper grade was consistent with estimates and recovery has improved materially. Throughput rates and recoveries for Q4 were slightly better than in Q3 with copper head grade impacting metal contained in concentrate. Third quarter 2017 reported record quarterly copper production at Riotinto.

Guidance for copper production for 2018 is estimated to be in the range of 37,000 to 40,000 tonnes.

Mining operations are now running stable quarter-on-quarter. On a combined basis, ore, waste and marginal ore amounted to 3.1Mm<sup>3</sup> in Q4 2017 versus 2.7Mm<sup>3</sup> in Q3 2017. The new mining fleet, commissioned during the previous quarter, is now fully operational. Two additional production drill rigs and a 90,000-litre water bowser were delivered to site. At the processing plant, hourly throughput rate has improved compared with previous quarters owing to higher equipment availability.

As part of the Company’s continuous improvement programme, the installation of an additional secondary cone crusher is under evaluation. Liner installation at the tailings storage facilities was completed during the quarter. Improvements to process and water supply systems are under way.

Rehabilitation trials were initiated in the first bench of the south waste dump facility. Dust emission indicators remain below legal requirements. Installation of a dome covering the coarse ore stockpile to help with dust control is ongoing with civil foundations completed and structural fabrication under way. Dewatering of the Atalaya pit continues as previously reported.

On-site concentrate inventories at the end of the quarter were approximately 3,000 tonnes. All concentrate in stock at the beginning of the quarter and produced during the quarter was delivered to the port at Huelva.



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Copper prices rose during the quarter with an average realised price per pound of copper payable, including the QPs closed in the period, of \$2.87/lb compared with \$2.18/lb in Q4 2016 and \$2.66/lb in Q3 2017. The average spot copper price during the quarter was \$3.09/lb. The realised price of shipments during the quarter excluding QPs was approximately \$3.10/lb.

All-in sustaining costs ("AISC") for 2017 slightly increased mainly driven by the foreign exchange rate of USD and Euro. Further details on operating cost will be provided together with the Financial Statements but Management expects AISC to be in the range of \$2.05/lb to \$2.20/lb.

Near-mine exploration continued drilling the north-west extension of the Cerro Colorado pit. An infill drilling campaign in Cerro Colorado pit was initiated and is planned to last for most of 2018. An updated resources and reserves statement is being prepared as part of the expansion to the 15Mtpa Project. An airborne VTEM geophysical survey was completed during the quarter with results expected in Q1 2018.

The archaeological investigation currently under way in a section of the northern wall of Cerro Colorado pit has progressed down to the first of three levels. The programme is scheduled to last for all of 2018 with the area then released for mining after completion.

#### EXPANSION TO 15Mtpa AT PROYECTO RIOTINTO

The expansion project to 15Mtpa was formally approved during Q4 2017 and therefore launched at the beginning of December 2017. Process flowsheet, basic design criteria and preliminary layouts were established. Financing to initiate the expansion was raised through a placing of new shares and this allowed long lead equipment to be identified following a tender process and purchase orders were issued according to the schedule. The expansion is on track to deliver increased production by 2019.

#### PROYECTO TOURO

Permitting of Proyecto Touro continues to progress according to schedule. A number of reports were received as part of the permitting process where certain project improvements have been suggested. The Company has already engaged a number of consultants to address these recommendations.

The technical report is substantially completed at pre-feasibility level of detail and in compliance with NI 43-101 guidelines. The report will be released when the additional project improvements are incorporated to accommodate the final permitting process.

The exploration campaign initiated the previous quarter on newly optioned exploration concessions around Proyecto Touro is under way continuing. As part of the campaign a first phase of an airborne VTEM geophysical survey was completed with results expected in Q1 2018.

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

*"Our first full year of production has been very satisfactory with continuously improving throughput and recoveries at historic highs and we are confident that our production guidance for 2018 will be on track. The decision to increase the plant's throughput to 15Mtpa marks another milestone in the regeneration of Proyecto Riotinto and we look forward to announcing revised reserves and resources in due course to meet this expansion. The VTEM geophysical surveys conducted at both Riotinto and Touro are complete and we expect the results to be forthcoming during the first quarter."*



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

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