

31 July 2017

**Atalaya Mining Plc**  
**("Atalaya" or the "Company")**  
**Second Quarter 2017 Operations Update**

Atalaya Mining plc (AIM:ATYM, TSX:AYM), the European mining and development company, announces its operations update for the three months ended June 30, 2017.

PROYECTO RIOTINTO

		Second Quarter		First Quarter	Full year forecast
		2017	2016	2017	2017
Ore mined	(M tonnes)	2.3	1.3	2.3	9.5 - 9.8
Waste mined	(M tonnes)	4.6	3.8	4.3	18.1 - 18.2
Ore milled	(M tonnes)	2.2	1.3	2.2	9.5
Cu grade	(%)	0.49	0.44	0.48	0.49 - 0.51
Cu recovery	(%)	85.09	79.80	84.63	79 - 82
Cu production	(tonnes)	9,058	4,442	8,805	34,000 - 40,000

Production results at Proyecto Riotinto have improved compared to the previous quarter and were in line with targets for the quarter ended June 30, 2017. The operation reports throughput rate of 2.2 million tonnes of ore processed, similar to the previous quarter with an improvement in the recovery rate to a record of 85.09%. The overall tonnage processed was affected negatively by the replacement of one of the main transformers to improve energy efficiencies. Full year forecasts for copper production remain as previously guided at 34,000 - 40,000 tonnes.

Mining operations are running at an increasing rate quarter-on-quarter, as a result of adjusted drilling and blasting parameters. On a combined basis, ore, waste and marginal ore amounted to 2.8 Mm<sup>3</sup> in Q2 2017 versus 2.5 Mm<sup>3</sup> in Q1 2017. The mining contractor has launched a replacement programme for the mining fleet. New loaders and trucks are expected to be delivered to site over the next two quarters in anticipation of a potential increase in mining rates. Additionally, modifications to the primary milling circuit, which includes a pebble crusher in closed circuit with the primary mill, have already reported better milling efficiencies.

The Company continues to implement initiatives to reduce operating costs of the mine such as adding additional rougher flotation capacity in order to increase plant recoveries and installing a partial plastic lining to parts of the tailings pond to improve water recycle management.

A number of dust emission mitigation measures have been developed over the last two quarters with positive results reported. Dust emissions were significantly reduced compared with previous indicators. This initiative will be complete at the end of the year with the installation of a dome covering the coarse ore stockpile. At the end of the quarter, the Cerro Colorado pit was nearly dewatered with only 92,000 m<sup>3</sup> of water remaining.

On-site concentrate inventories at the end of the quarter were reduced to minimum levels. All concentrate in stock at the beginning of the quarter and produced during the quarter were delivered to the port at Huelva. Concentrate sales were not affected by disruptions reported at other ports across Spain.

Copper prices continued to rise during the quarter with an average realised price per pound of copper payable of \$2.61/lb compared with \$2.27/lb in Q4 2016 and \$2.41/lb in Q1 2017 and average market copper price in the quarter of \$2.57/lb.

Management expect AISC to be in line with previous quarters with the full year forecast as previously guided in the range of \$1.90/lb to \$2.10/lb.

The good performance of the operations and stable copper prices allowed the company to continue to reduce its working capital deficit. This cash generation allowed the full payment of the old Social Security debt (€16.9m) that had been inherited with the mining concession. The Company filed a formal claim in the Administrative Court, relating to the previously announced government grant of €8.8m and has fully written off the amount in its financial statements.

Near-mine exploration drilling continued from the previous quarter with a programme to test the lateral extension of Filon Sur. With the programme now essentially complete the exploration block model has been updated with results to be part of the resources and reserves update that will form part of the studies related to the Expansion to 15 Mtpa Project. The in-fill drilling campaign at Cerro Colorado was mainly centred in the north-western extension of the pit where better than anticipated mineralised intervals and grades have been discovered. This campaign is targeting inferred resources with the objective of increasing confidence levels and potential reclassification.

As part of the Company's Corporate Social Responsibility initiatives a significant archaeological programme was launched in June 2017 to study a number of archaeological sites including Cortalago, a Roman mining settlement of relevance. The programme is expected to last for 12 months.

#### PROYECTO TOURO

The Company has signed an option agreement to acquire exploration concessions that cover 122.7 km<sup>2</sup> immediately surrounding Proyecto Touro, where mineralised copper occurrences are documented. An ambitious exploration programme and budget are under consideration for Board approval.

Permitting of Proyecto Touro is progressing according to schedule. Studies and applications were submitted at the end of the quarter to the regional authorities for review and evaluation. Consultations with different administrative bodies have been held and local and regional stakeholders have been engaged in the process, with positive feedback received.

As previously reported, two important milestones have been achieved at Proyecto Touro: the first was the successful completion of metallurgical test-work which has demonstrated that high grade clean concentrates and high recovery rates can be achieved. The second was the completion of 26,557 m of exploration and in-fill drilling which will provide the basis of an NI 43-101 technical report.

The technical report is progressing ahead of schedule and is at an advanced stage of development. It is expected to be at a pre-feasibility level of detail in the near future, with completion brought forward to the beginning of Q4 from the original estimate of the end of FY 2017.

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

*"I am pleased to be able to report on a successful quarter for the business. Copper production levels at Proyecto Riotinto have increased and we remain confident in our full year production target of 34,000-40,000 tonnes. Ongoing upgrades and developments at Proyecto Riotinto are producing encouraging results, as the Company continues to expand its operations and commercial production capabilities. The progress made during the quarter with Proyecto Touro also gives us increased confidence in the viability and scope of a potential second operating mine. We look forward to further improvements with both projects during the course of the second half of the year."*

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

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