

Atalaya Mining plc ("Atalaya" or the "Company")

Exercise of option to acquire interest in the Touro Copper Project ("Proyecto Touro") in Spain

Atalaya (AIM: ATYM, TSX: AYM), the European mining and development company, announces that it has exercised an option to acquire 10% of the share capital of Cobre San Rafael S.L., ("CSR"), a wholly owned subsidiary of Explotaciones Gallegas S.L. ("EG"), part of the F. GOMEZ Group. This is part of an earn-in agreement (the "Agreement"), which will enable the Company to acquire up to 80% of CSR.

Acquisition Rationale

Atalaya is focused on creating a portfolio that combines producing, development and exploration assets. By acquiring an initial 10% of CSR, the Board of Atalaya sees this Agreement as a low risk first step in creating a growth portfolio to complement Proyecto Riotinto, which is now fully operational.

Background

Proyecto Touro is located about 27 km east of Santiago de Compostela in northwest Spain. It was operated by Riotinto Patiño from 1973 to 1986 using open pit mining followed by copper flotation. Infrastructure is in place, including high voltage power and a road network providing access to an international airport and a number of deep-water ports.

In July 2015, the Company secured an exclusivity agreement. Since then it has been working with its consultants to evaluate the viability of the project. The Company has carried out significant drilling, resource evaluation, mine planning, metallurgical test work, plant engineering and other auxiliary studies required to fast track the project to feasibility stage ahead of permitting.

The Company's evaluation of the results to date has confirmed and expanded the resources identified by previous owners. As the project has been a past producer, the orebody is well understood and exhibits straightforward metallurgy, reporting good copper recoveries and clean concentrates.

Drilling has confirmed a significant resource that remains open in several directions. The deposit is amenable to open pit mining in shallow pits. Capital expenditures are expected to compare favourably with copper projects globally, as was the case at Proyecto Riotinto.

Phased Earn-in Agreement

Following the acquisition of the initial 10% of CSR's share capital, the Agreement includes the following four phases:

- Phase 1 - The Company paid €0.5 million to secure the exclusivity agreement and will continue to fund up to a maximum of €5 million to get the project through the permitting and financing stages.
- Phase 2 - When permits are granted, the Company will pay €2 million to earn-in an additional 30% interest in the project (cumulative 40%).
- Phase 3 - Once development capital is in place and construction is underway, the Company will pay €5 million to earn-in an additional 30% interest in the project (cumulative 70%).
- Phase 4 - Once commercial production is declared, the Company will purchase an additional 10% interest in the project (cumulative 80%) in return for a 0.75% Net Smelter Return (NSR) royalty, with a buyback option.

The Agreement has been structured so that the various phases and payments will only occur once the project is de-risked, permitted and in operation.

Alberto Lavandeira, CEO, commented:

"The initiation of Atalaya's first major project following the successful restart of Proyecto Riotinto is an exciting prospect and the next step in our growth strategy. We are delighted with the excellent relationship that we have developed with our partners, EG, in advancing this new project. Following the preliminary work and exercise of the option, we are now entering the permitting phase, which we believe will be a relatively straightforward process owing to the current producing status of Touro (as an aggregate quarry) and the experience of our local partners."

About Explotaciones Gallegas S.L.

CSR is a subsidiary of EG, part of the F. GOMEZ Group, a private local company with more than 100 years history specialising in the construction and industrial sector in Spain. EG has been mining in the area of the Proyecto Touro for 25 years as part of its construction business and has

consequently kept the mining concessions current.

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

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