

16 July 2018

Atalaya Mining Plc
(“Atalaya” or the “Company”)
Second Quarter 2018 Operations Update

Atalaya Mining Plc (AIM:ATYM, TSX:AYM) is pleased to announce its operations update for the second quarter of 2018.

PROYECTO RIOTINTO

		Second quarter		First quarter	Full year guidance
		2018	2017	2018	2018
Ore mined	(M tonnes)	2.6	2.3	2.6	9.7
Waste mined	(M tonnes)	4.8	4.6	5.4	16.5
Ore milled	(M tonnes)	2.5	2.2	2.2	9.6
Cu grade	(%)	0.48	0.49	0.48	0.48
Cu recovery	(%)	87.31	85.09	88.47	84 – 86
Cu production	(tonnes)	10,446	9,058	9,441	37,000 – 40,000

Copper production at Proyecto Riotinto for Q2 2018 has increased to 10,446 tonnes from 9,058 tonnes reported in Q2 2017, and 9,441 tonnes in Q1 2018, representing an increase of 15% and 11% respectively. This quarter’s copper production replaces Q1 2018’s as the second highest quarterly production on record.

In terms of ore milled, 2.5 million tonnes were processed in the quarter, the highest ever quarterly throughput. Copper head grade was in line with expectations. The increase in copper production during the quarter is mainly attributable to the high volume of ore milled with above-budgeted metallurgical recovery rates, averaging 87.31%. Processing throughput was better than expected mainly due to high utilisation rates.

The Company maintains its previously stated copper production guidance for 2018 of 37,000 – 40,000 tonnes.

Mining operations are progressing to plan and at similar levels to previous quarters. On a combined basis, ore, waste and marginal ore amounted to 2.6 million m³ in Q2 2018 versus 3.0 million m³ in Q1 2018. After the heavy rains in March, mining operations returned to the original mining plan from May onwards.

As part of the Company’s continuous improvements programme, a cone crusher has been installed and it will operate as a secondary crusher. It is expected to become operational during Q3 2018. As previously reported, modifications to current screening and crushing arrangements are under evaluation as part of a de-bottlenecking exercise. Structural steel fabrication of the dome to cover the coarse ore stockpile has been completed and fully delivered to site. Construction is expected to be completed before the end of Q3 2018.

Dewatering of the Atalaya pit is ongoing as previously reported. Dewatering of Cerro Colorado pit after heavy rains in March was completed in mid-May 2018 with pumping systems now on standby.

On-site concentrate inventories at the end of the quarter were approximately 2,089 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 increased during the quarter with an average realised price per pound of copper payable, including the QPs closed in the period, of \$3.12/lb compared with \$3.03/lb in Q1 2018. The average spot copper price during the quarter was \$3.12/lb. The realised price during the quarter excluding QPs was approximately \$3.14/lb.

Cash operating costs and all-in sustaining costs ("AISC") for Q2 2018 are expected to be within the 2018 cost guidance ranges previously provided. Further details on costs will be provided with the Q2 Financial Statements to be reported in September 2018.

A NI 43-101 compliant technical report on an updated resources and reserves estimate for Proyecto Riotinto was released on 9 July 2018. Highlights of the report include a 29% increase in open pit proven and probable mineral reserves at Cerro Colorado and a 21% increase in contained copper, with a reduction of the average strip ratio from 1.95:1 to 1.43:1.

Exploration focus has now turned to the underground potential of the remaining massive sulphides below Atalaya pit. A drilling campaign is now underway and is expected to last until June 2019.

EXPANSION TO 15 Mtpa AT PROYECTO RIOTINTO

The expansion project to 15 Mtpa is progressing according to schedule with engineering heading to completion and site construction activities picking up. Overall progress completion at the end of the reporting quarter was 41%. Procurement has progressed to 38% completed and engineering to 82% completed. Earthworks are well advanced and are expected to be completed by mid-Q3 2018. Civil engineering works are progressing with main activities now concentrated on the new SAG mill area. Structural steel works are ongoing in the flotation area. Installation of mechanical equipment has started in the concentrate handling area. The milling area is the critical path to completion. The expansion project is scheduled for mechanical completion at the end of Q2 2019.

PROYECTO TOURO

Permitting of Proyecto Touro continues as anticipated with good progress made on addressing additional studies from the regional administration. During the quarter, efforts were concentrated on progressing detailed reports to address certain project improvements and recommendations from the public hearing process. These reports, including those received recently, are now expected to be submitted to the authorities before the end of Q3 2018.

During the quarter, the Company announced the completion of a pre-feasibility study ("PFS") for the proposed open pit mine and concentrator at Proyecto Touro. The PFS report was prepared using the headings of, and guidance set out in the NI 43-101 report. Highlights of the PFS report are:

- 392,000 tonnes of contained copper in P&P reserves;
- Average yearly production of 30,000 tonnes copper and 70,000 ounces of silver in concentrate;
- Pre-production capital expenditure of \$165 million;
- All-in sustaining costs of US\$1.85/lb of payable Cu net of silver credits; and
- NPV post-tax at 8% discount rate of \$180 million using long term copper price of US\$3.00/lb.

Alberto Lavandeira, CEO commented:

"This has been an operationally productive quarter which has delivered copper production above 10,000 tonnes, providing an excellent run-rate for the quarter. The efforts resulted in excellent throughput rates at the plant with better-than-budget recovery rates. The Company has completed two NI 43-101 technical reports, which are fully supportive of our growth plans and reinforce our projects' long-term potential. The expansion to 15Mtpa is progressing at full speed with site activities picking up and we remain well on track for mechanical completion at the end of Q2 2019."



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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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