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Atalaya Mining Plc

("Atalaya" or the "Company")

Final Results for the year ended 31 December 2016

Atalaya Mining plc (AIM:ATYM, TSX:AYM), the European mining and development company, announces its audited results for the year ended 31 December 2016.

The full audited report, including the consolidated Financial Statements is also available under the Company's profile on SEDAR at www.sedar.com and on the Company's website at www.atalayamining.com

Project Highlights in 2016

- Proyecto Riotinto reached its nameplate capacity of 9.5Mtpa in December 2016. Phases I and II were completed during the year with ramp-up below budget and ahead of schedule.
- Updated NI 43-101 technical report for Proyecto Riotinto was filed in September 2016, reporting a 12% increase in open pit reserves and extending the life of mine to 16.5 years.
- Management continued to look for efficiencies in order to reduce operating costs and will continue to do so.

Production highlights for the 12 months to December 2016

- Atalaya processed 6.5 million tonnes of ore in 2016, including pre-commissioning production.
- From Q2, recoveries improved quarter on quarter with an average rate of 83.29% achieved for the full year.
- Copper concentrate grades of over 21% remained consistent throughout the period, achieving market standards and reducing penalties below the maximum levels stipulated by some smelters.
- Production for 2016 was 122,468 tonnes of copper concentrate containing 26,179 tonnes of copper and 434,000 ounces of silver. Payable copper, including January pre-commissioning production, amounted to 25,353 tonnes.
- Atalaya maintains its copper production guidance for 2017 of 34,000 – 40,000 tonnes.

Financial highlights for the 12 months to December 2016

As commercial production was declared at the start of February 2016, no comparative operational data is available for 2015

- Sales of €98.8 million for the final eleven month period in 2016 since declaring commercial production, including €0.5 million of realised gains on copper hedges. As at 31 December 2016, inventory of concentrate was nil as all concentrate produced was shipped.
- Operating costs, corporate costs and exploration costs amounted to €77.8 million, €4.6 million and €1.0 million respectively, resulting in EBITDA of €15.4 million for Proyecto Riotinto's first year of production.
- Total cash costs for 2016 of US$1.95/lb, providing healthy margins and positive cash flows at average copper prices of $2.21/lb during the year and $2.40/lb during Q4.
- Net income of €12 million (or 10.3 cents per share) included a tax credit of €12.2 million. This was mainly due to the recognition of a deferred tax asset in respect of tax losses for prior years as the start of commercial production has made it probable that these accumulated tax losses will be recovered through future profits. A loss of €15.0 million (or 17.9 cents per share) was reported in 2015 when the project was still under development and no sales were recognised.
- As at 31 December 2016, reported net assets totalled €188.5 million and comprised fixed assets of €263.5 million, long term liabilities of €49.6 million (including rehabilitation provisions and deferred obligations related to Astor) and a working capital deficit of €25.4 million.
- Agreement with Transamine Trading S.A, in September 2016 for a US$14 million prepayment to assist in funding the project expansion.

- The Group shows a working capital deficit of €25.4 million compared with €24.4 million in Q3. There was an underlying reduction in the working capital deficit, offset by reclassification of €5.4 million of the prepayment from Transamine Trading, S.A, from non-current liabilities to current liabilities.
- Positive cash flows from operating activities for the 12 months ended 31 December 2016 amounted to €13.8 million. Cash used for plant construction was €31.3 million with the remaining €17.5 million funded by proceeds from share capital issuances during 2015.

Post-period highlights

- On 6 March 2017, the High Courts of Justice in London ruled that the Group was not in breach of its obligations to Astor under the Master Agreement. The Deferred Consideration did not become payable when permit approval for Proyecto Riotinto was granted, nor did the intra-group loans used to fund the re-start of the project constitute a "senior debt facility" and therefore did not trigger payment of the Deferred Consideration. However, the Master Agreement and its provisions remain in place and while no lump sum or fixed payment schedule is required, the Deferred Consideration must be paid from any excess cash after payment of operating expenses, capital expenses, senior debt service requirements and up to US$10 million of non-Proyecto Riotinto expenses until it is paid in full. In declarations made on 31 March 2017 the Court confirmed that the cash sweep in the Master Agreement also operated to require the Group to apply any excess cash to repaying early the €9.1 million owed to Astor under a credit assignment agreement. However, the Court also confirmed that the cash sweep does not apply to the up-tick payments of up to €15.9 million under the Master Agreement (the "Up-tick Payments") and the judgment notes that the only situation in which the Up-tick Payments could ever become payable is in the unlikely event that mining operations stop at Proyecto Riotinto and a senior debt facility is then secured for a sum sufficient to restart mining operations.
- On 23 February 2017, the Company announced that it had exercised an option to acquire an interest in the Touro Copper Project (Proyecto Touro) located in northwest Spain. It is a brownfields mine site with good local infrastructure that was operated by Riotinto Patiño up to 1986 using open pit mining and copper flotation. The Company has conducted significant drilling, resource evaluation, mine planning, metallurgical test work, plant engineering and other auxiliary studies required to fast track the project to feasibility ahead of permitting. The acquisition of the Project is based on a staged earn-in agreement starting with a 10% ownership of the Project in Phase 1 increasing to an 80% interest in Phase 4 once the project has been financed and construction has commenced. The total consideration for an 80% interest is €18.5 million which equates to less than US$0.02/lb of copper resources in the ground.
- Atalaya granted a total of 900,000 stock options to Persons Discharging Managerial Responsibilities (PDMRs) and management. The options will expire five years from the grant date (23 February 2017), have an exercise price of 144.0 pence and a vesting period of three years.

Alberto Lavandeira, CEO commented:

"This was a transformational year for the Company as we completed Riotinto's journey back to full production significantly ahead of schedule and under budget. Having reached our nameplate capacity of 9.5Mtpa the plant has been running smoothly but we continue to focus on improving performance and chasing efficiencies in order to further reduce our operating costs. The acquisition of Touro, our second project, highlights our strategy of building on our success at Riotinto to expand our portfolio in order to realise our ambition to become sizable and profitable producer. The High Court's decision on the Astor case was positive for us as it has removed the threat of having to pay the Deferred Consideration as a lump sum or according to a fixed schedule, regardless of the cash generation of Proyecto Riotinto. We continue to believe that a lack of significant new copper supply will have a positive impact on the copper price in the medium term making Atalaya Mining a long term option on copper".

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

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