

12 October 2017

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

Atalaya Mining plc (AIM:ATYM, TSX:AYM) is pleased to announce its operations update for the three months ended September 30, 2017.

PROYECTO RIOTINTO

		Third Quarter		Second Quarter	Full year forecast
		2017	2016	2017	2017
Ore mined	(M tonnes)	2.4	2.5	2.3	9.0 - 9.2
Waste mined	(M tonnes)	5.2	3.6	4.6	18.1 - 18.2
Ore milled	(M tonnes)	2.2	2.0	2.2	8.7 - 9.0
Cu grade	(%)	0.58	0.52	0.49	0.49 - 0.51
Cu recovery	(%)	85.95	83.60	85.09	82 - 84
Cu production	(tonnes)	10,679	8,752	9,058	36,000 - 39,000

Copper production at Proyecto Riotinto has increased almost 18 % to record production levels versus Q2. All other parameters were well above targets for the quarter ended September 30, 2017. The operation reported an average copper head grade of 0.58%, a throughput rate of 2.2 million tonnes of ore processed and a recovery rate of 85.95 %. Record production of 10,679 tonnes of copper contained in concentrate is the result of higher copper head grade and recovery rates than initially anticipated. Guidance for copper production has been adjusted accordingly and is now estimated to be within the range of 36,000 - 39,000 tonnes.

Mining operations are running at a consistent rate quarter-on-quarter, as a result of improved operational efficiencies and the availability of additional mining fleet. On a combined basis, ore, waste and marginal ore amounted to 2.7 Mm³ in Q3 2017 versus 2.8 Mm³ in Q2 2017. As part of the mining fleet replacement programme three new excavators and eight new trucks have been delivered, assembled and commissioned during the quarter. The processing plant was down for maintenance during the last five days of the quarter when relining of the primary mill and other maintenance activities were completed.

At the end of the quarter, the Company's continuous improvement programme reported completion and commissioning of a new 300 m³ primary rougher flotation cell. Installation of plastic lining of one of the paddocks at the tailings storage facilities is also nearing completion and new initiatives designed to improve process and fresh water supply are currently under evaluation.

Dust mitigation measures have been successful over the summer months with indicators significantly reduced and within legal requirements. Installation of a dome covering the coarse ore stockpile is ongoing with civil foundations reaching advanced stages. Dewatering of the Cerro Colorado pit is now complete and will now be limited to pumping runoff water as required. Relocation of pumping stations from the Cerro Colorado pit to the Atalaya pit was completed with dewatering activities now underway.

On-site concentrate inventories at the end of the quarter were approximately 2,000 tonnes. All concentrate in stock at the beginning of the quarter and produced during the quarter was delivered to the port at Huelva.

Copper prices rose during the quarter with an average realised price per pound of copper payable of \$2.66/lb compared with \$2.18/lb in Q3 2016 and \$2.61/lb in Q2 2017. The average spot copper price during the quarter was \$2.88/lb.

Management expects All-in sustaining costs ("AISC") for the year to be maintained in the range of \$1.95/lb to \$2.10/lb. The increase from the original estimate is mainly due to different capitalisation criteria applicable to mining stripping costs.

Near-mine exploration drilling has turned its focus on to the north-west extension of the Cerro Colorado pit now that the east-west extension of Filon Sur has been completed. The exploration block model has been updated with results which will be part of the resources and reserves update that form part of the studies related to the expansion to 15 Mtpa Project.

Exploration has initiated during the quarter an airborne VTEM geophysical survey to help further understand deep geological structures in the mining and exploration concessions of the Company.

The archaeological programme initiated in the previous quarter as part of the Company's Corporate Social Responsibility programme is expected to reach an important milestone at the end of the year when the first

archaeological level will be fully documented.

PROYECTO TOURO

The permitting of Proyecto Touro is progressing according to schedule with the public hearing having taken place at the beginning of October. The Company anticipates a period of consultation with different regulatory bodies which should take place over the following months.

The technical report is progressing ahead of schedule with all efforts now concentrated on getting the report completed and ready for release during the Q4 2017. The technical report is confirmed to be at pre-feasibility level of detail and in compliance with NI 43-101 guidelines.

An exploration campaign was initiated during the quarter over the newly optioned exploration concessions around Proyecto Touro. The campaign includes an airborne VTEM geophysical survey, detailed assessment of structural geology and a regional geochemical campaign.

Alberto Lavandeira, CEO commented:

"The continuing improvement in performance at Proyecto Riotinto is very gratifying and gives us confidence that our annual production will be at the upper end of the guidance range."

Touro progresses on schedule and we look forward to sharing further details in due course."

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

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