

[Atalaya Mining plc](#)

("Atalaya" or the "Company")

ATALAYA TO PROCEED WITH STUDY TO INCREASE COPPER PRODUCTION
AT PROYECTO RIOTINTO

June 2, 2017

[Atalaya Mining plc](#) (AIM:ATYM, TSX:AYM), the European mining and development company, announces that the Board of Directors ("Board") has approved a study to demonstrate the feasibility of increasing the mining and processing capacity beyond the current 9.5Mtpa to a maximum of 15.0Mtpa at Proyecto Riotinto. If proven feasible, this could translate into an increase in copper production to 50,000 - 55,000 tonnes per annum.

The plan is to revisit existing geological modelling and resource and reserve estimates with a view to maintaining the life of mine in the range of 12-14 years. Mine planning and the existing mining fleet will be re-assessed. The study will also assess the potential for maximising processing capacity including complementing it with additional crushing and milling equipment. Flotation and concentrate handling modifications will be evaluated but are not expected to be significant. Tailings storage facilities and auxiliary infrastructure will also be re-evaluated.

This detailed assessment will be carried out over the next three months. Should the Company decide to proceed with the increase in mining and processing capacity, the indicative construction period is estimated to be 18 months after the investment has been approved.

The intention is to develop this new project with a competitive capital intensity, similar to the original 5.0Mtpa refurbishment programme and the 9.5Mtpa expansion. With regards to operating costs, economies of scale are expected to further improve C1 cash costs as was the case when the targeted 9.5Mtpa rate was implemented and achieved.

In anticipation of a positive outcome of this study, the Company is currently evaluating different sources of financing.

Alberto Lavandeira, CEO commented:

"By commissioning this study, the Board has shown great faith in the further potential of Proyecto Riotinto. We look forward to providing a further update in due course."

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

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