

Atalaya Mining PLC Announces Q2 2022 Operations Update

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NICOSIA, July 14, 2022 - [Atalaya Mining plc](#) ("Atalaya" or "the Company") (AIM:ATYM)(TSX:AYM) is pleased to announce its operations update for the second quarter of 2022 ("Q2 2022" or the "Period").

Q2 2022 Proyecto Riotinto Operating Highlights

		Q2	Q1	Full year	
		2022 ⁽¹⁾	2021	2022	
				2022 Guidance	
Ore mined	(M tonnes)	3.8	3.3	4.0	15.5
Waste mined	(M tonnes)	6.7	8.0	6.8	23.4
Ore milled	(M tonnes)	4.0	4.0	3.5	15.2 - 15.4 ⁽²⁾
Cu grade	(%)	0.39	0.42	0.37	0.40 ⁽²⁾
Cu recovery	(%)	86.44	84.83	86.07	85 - 87 ⁽²⁾
Cu production	(tonnes)	13,386	14,353	11,461	52,000 - 54,000 ⁽²⁾

(1) Figures for Q2 2022 are preliminary and final figures will be released with Q2 2022 financials.

(2) Represents updated guidance to previous ranges provided for 2022; read below for further detail.

Mining

Ore totalling 3.8 million tonnes was mined during Q2 2022, compared with 4.0 million tonnes in Q1 2022 and 3.3 million tonnes in Q2 2021.

Waste mined during Q2 2022 was 6.7 million tonnes, in line with the 6.8 million tonnes mined in Q1 2022 but below Q2 2021 levels. Waste stripping in H1 2022 was higher than budget as waste mining was prioritised during the temporary plant maintenance stoppage.

Processing

The plant processed 4.0 million tonnes of ore during Q2 2022 as it returned to normalised throughput rates following the Q1 2022 transport sector strike and maintenance stoppage, which lowered throughput to 3.5 million tonnes. Processing rates in Q2 2022 were consistent with throughput in Q2 2021 of 4.0 million tonnes, highlighting the plant's ability to operate above its 15 million tonne per annum nameplate capacity.

Copper grade was 0.39% in Q2 2022, representing an increase from 0.37% in Q1 2022 but below the comparative period in Q2 2021 of 0.42%. Lower grades so far in 2022 are the result of blending with lower grade stockpiles due to pit sequencing.

Copper recoveries in Q2 2022 were strong at 86.44%, above Q1 2022 of 86.07% and despite lower grades,

higher than the Q2 2021 comparative period.

Production

Copper production in Q2 2022 was 13,386 tonnes, which represents an increase of 16.8% over Q1 2022. The increase is due to good performance of the processing plant, the return to a normalised period following the temporary plant maintenance stoppage in Q1 2022, as well as higher copper grades and improved copper recoveries.

On-site copper concentrate inventories at the end of Q1 2022 were approximately 7,169 tonnes. All concentrate in stock at the beginning of the Period was delivered to the port at Huelva.

Realised Copper Price

The average realised price per pound of copper payable, including the QPs closed in the Period, was \$4.32/lb in Q2 2022, below the average realised price in Q1 2022 of \$4.42/lb but above the Q2 2021 period of \$4.27/lb. The average spot copper price during Q2 2022 was \$4.32/lb and the realised price excluding QPs was approximately \$4.28/lb.

Asset Portfolio Update

Riotinto 15 Mtpa Plant - Process Optimisation

During Q2 2022, some improvement initiatives were implemented such as the digitization of reagent dosing and the testing of magnetic aggregation technology in the copper circuit, both of which aim to lower reagent consumption and improve copper recoveries.

Riotinto District - San Dionisio and San Antonio

On 13 April 2022, the Company announced new independent Mineral Resource Estimates ("MRE") for the San Dionisio and San Antonio deposits at Proyecto Riotinto. San Dionisio includes a potentially open pit resource, with separate copper-rich and polymetallic zones, that represents an extension of the existing Cerro Colorado pit, as well as an underground polymetallic resource. San Antonio is an underground polymetallic deposit located less than one kilometre east of the Cerro Colorado pit.

The Company expects to complete a preliminary economic assessment ("PEA") for San Dionisio by the end of 2022, including an evaluation of a scenario that combines Cerro Colorado reserves with higher grade material from San Dionisio, potentially providing an uplift to copper production by increasing the blended head grade.

Riotinto District - Proyecto Masa Valverde ("PMV")

On 5 April 2022, the Company announced a new Mineral Resource Estimate ("MRE") for PMV's Masa Valverde and Majadales deposits. Highlights included a significant increase in tonnage and contained copper, silver and gold compared to the prior estimate, as well as an initial Indicated Mineral Resource at Masa Valverde. The mineralisation includes zones that are copper-rich and low-zinc, which could deliver higher grade material for processing at the existing Riotinto plant with minimal plant modifications.

Exploration activities continue at PMV, with four drill rigs currently operating including two rigs at the Campanario Trend and two at anomalies west of the Masa Valverde deposit. Initial drilling results from Campanario were announced subsequent to the end of the quarter and included intersections of massive and semi-massive sulphides at shallow depths.

In addition, the permitting process continues, and the Company expects to complete a PEA for PMV by the

end of 2022.

Proyecto Touro

Atalaya remains fully committed to the development of the Touro copper project in Galicia, which could become a new source of copper production for Europe. The Company continues to engage with the many stakeholders in the region in advance of its plans to submit a new project design.

In June, the Company commissioned a new acid water treatment plant at Touro, which will address the legacy issues associated with water runoff from the historical mine. The construction of the plant was contemplated in the original project proposal, but Atalaya volunteered to fix the historical acid water issues prior to submitting the Environmental Impact Assessment ("EIA") in order to demonstrate its operating philosophy and the benefits of modern operating systems.

Atalaya continues to be confident that its approach to Touro, which includes fully plastic lined thickened tailings with zero discharge, is consistent with international best practice and will satisfy the most stringent environmental conditions that may be imposed by the authorities prior to the development of the project.

Other Regional Exploration

At Riotinto East, ongoing activities include field mapping, rock sampling, soil geochemistry and reinterpretation of geophysical data. The Company expects to begin drilling targets later this year once the investigation permit is granted.

At Proyecto Ossa Morena, the Company has been focused on permitting, environmental and social matters. Exploration drilling is expected to begin soon at the Hinchona copper-gold target and at the flagship Alconchel-Pallares copper-gold project.

E-LIX Phase I Plant

Since announcing the approval of the E-LIX Phase I plant in January 2022, Atalaya has placed all equipment orders and has started initial construction activities on the site, which is located beside the Riotinto plant. The Company expects the plant to be ready for commissioning by the end of 2022.

The Phase I of the E-LIX plant will produce high value copper and zinc metals from complex sulphide concentrates produced from material sourced within the Riotinto District. Potential benefits of the process include improved metal recoveries, lower transportation and concentrate treatment charges and reduced carbon emissions.

50 MW Solar Plant

Atalaya continues to progress the development of a 50 MW solar plant, which will become a reliable source of low cost and carbon-free energy for Proyecto Riotinto. Equipment orders have been made and deliveries of key materials are expected to arrive on site during Q4 2022. Expectations for start-up of the solar plant continues to be Q2 2023.

The construction of the solar plant in addition to the previously announced long-term power purchase agreement ("PPA") will guarantee that over 50% of the electricity requirements at Riotinto are sourced at competitive terms.

Energy Market in Spain

Electricity prices in Spain remain well above historical levels as a result of the continued conflict in Ukraine.

After reaching unprecedented levels of over €500/MWh in March 2022, prices decreased and averaged approximately €190/MWh in April and May 2022.

In mid June 2022, the legislated gas price cap for Spain and Portugal took effect. The cap has had a positive impact on electricity prices, with rates averaging approximately €150/MWh since the implementation of the new pricing mechanism. Electricity prices for Q2 2022 have averaged approximately €180/MWh, down from approximately €230/MWh in Q1 2022.

Outlook for 2022

Atalaya is pleased with the plant's performance in Q2 2022, with strong throughput and recoveries contributing to a solid quarter of production. However, as a result of the shortfall in production in Q1 2022 and lower than expected grades continuing into Q2 2022, the Company now expects full year copper production to be 52,000 - 54,000 tonnes. The average copper grade is expected to increase in H2 2022 due to pit sequencing and full year guidance is now 0.40%. Copper recoveries are expected to be 85 - 87% for the full year.

The Company continues to experience significant cost inflation over prior periods, with the prices of many key consumables remaining materially above 2021 levels. Notable examples include electricity, explosives, diesel, grinding media and lime, as well as ocean freight rates. As a result, the Company now expects that its original 2022 guidance range for cash costs and all-in-sustaining costs will be revised upwards by approximately 5-10%. Further details including new cost guidance for 2022 will be provided in August when the Company reports its Q2 and H1 financial results.

Alberto Lavandeira, CEO, commented:

"We are pleased with the performance of the plant in Q2, with strong recoveries and a return to processing rates above our 15 Mtpa nameplate capacity. These contributed to a solid quarter of production and a material improvement from Q1. However, cost inflation remains very high and the prices of many key inputs are uncontrollable by nature. Therefore, we continue to focus on several key initiatives that will deliver operational efficiencies, stable and low cost electricity from 2023 and higher grade material to our processing plant. Our balance sheet remains strong and we are well placed to navigate the ongoing uncertainties."

This announcement contains information which, prior to its publication constituted inside information for the purposes of Article 7 of Regulation (EU) No 596/2014.

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About Atalaya Mining Plc

Atalaya is an AIM and TSX-listed mining and development group which produces copper concentrates and silver by-product at its wholly owned Proyecto Riotinto site in southwest Spain. Atalaya's current operations include the Cerro Colorado open pit mine and a modern 15 Mtpa processing plant, which has the potential to

become a centralised processing hub for ore sourced from its wholly owned regional projects around Riotinto that include Proyecto Masa Valverde and Proyecto Riotinto East. In addition, the Group has a phased earn-in agreement for up to 80% ownership of Proyecto Touro, a brownfield copper project in the northwest of Spain, as well as a 51% interest in Proyecto Ossa Morena. For further information, visit www.atalayamining.com

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