2019 Annual Report

For the year ended 31 December 2019

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Company Overview

Performance highlights

— Operational highlights

	Unit	2020 Guidance	2019	2018
Copper concentrate	t	-	195,072	180,661
Copper contained in concentrate (1)	t	55,000-58,000	44,950	42,114
Payable copper contained in concentrate	t	-	42,935	40,306

(1) The Company is aware that the COVID-19 pandemic may still have further effects of impact on how the Company can manage it operations and is accordingly keeping its guidance under regular review. Should the Company consider the current guidance no longer achievable, then the Company will provide a further update.

» Full year 2019 copper production increased by 6.7% above 2018

+6.7%

» 2020 guidance targeting an improvement on 2019 production

» Expansion to 15Mtpa at Proyecto Riotinto is completed

— Financial Highlights

	Units	2019	2018
Revenues	(€k)	187,868	189,476
EBITDA	(€k)	61,333	53,542
Cash cost	($/lb payable)	1.80	1.94
All-in sustaining cost	($/lb payable)	2.14	2.26
Working capital	(€k)	3,598	8,435
Cash at bank	(€k)	8,077	33,070

- Higher EBITDA compared to previous year amounting to €61.3 million (2018: €53.5 million)
- €8.1 million cash at bank as at 31 December 2019 (2018: 33.1 million)
- Cash cost improvement from 2019 expectations. Cash costs and AISC for 2019 were US$1.80/lb and US$2.14/lb of payable copper, respectively (2018: US$1.94/lb and $2.26/lb)

Atalaya at Glance

Atalaya is an AIM and TSX listed mining and development group which produces copper concentrates including silver by-product at its wholly owned Proyecto Riotinto site in southwest Spain.

→ **Strong pipeline of low risk growth projects**
→ **Proven management team**
→ **Supportive strategic shareholders**

The Company owns and operates through a wholly owned subsidiary, "Proyecto Riotinto", an open-pit copper mine located in the Pyritic belt, in the Andalusia region of Spain, approximately 65 km northwest of Seville. A brownfield expansion was completed in 2019. Atalaya also owns 10% of Proyecto Touro, a brownfield copper project in northwest Spain.

The Company's and its subsidiaries' business are to explore for and develop metal production operations in Europe, with an initial focus on copper.

The strategy is to evaluate and prioritise metal production opportunities in several jurisdictions throughout the well-known belts of base and precious metal mineralisation in Spain and the Eastern European region.

For further details on the principal activities of the Group and the Company, refer to Note 1 of the financial statements.

Proyecto Riotinto

Atalaya owns 100% of the Proyecto Riotinto copper mine in Huelva.

The Expansion Project to 15Mtpa reached full mechanical completion in August 2019 and was fully commissioned by January 2020.

Proyecto Touro

In 2017, Atalaya signed a phased, earn-in agreement for up to 80% ownership of Proyecto Touro, a brownfield copper project in northwest Spain.

In February 2020 a formal communication from the Xunta de Galicia announcing a negative Environmental Impact Statement for Proyecto Touro was published in Galicia´s official journal.

In the meantime the Company, along with its advisers, is currently evaluating potential next steps for the project, which could include an appeal of the decision made by the Xunta de Galicia, and/or the clarification of the questions raised by the reports.

Letter from the Chairman

Roger Davey
Chairman of Atalaya Mining Plc

Dear Shareholder,

I am both pleased and proud to report that 2019 was another year of improvements at your operating project, the Riotinto mine, with increases in both ore processing rates and copper output.

The ore processing throughput rate increased steadily during 2019 to achieve a cumulative plant throughput of 9.9Mtpa, with copper production of 45,000 tonnes, an increase of around 7% from the 42,100 tonnes produced in 2018, reaching the upper range of the updated guidance provided by the Company towards the end of 2019.

This record production was even more remarkable as it was achieved whilst the Company was completing and integrating a 50% Expansion Project at Riotinto, whilst maintaining the existing operations. The Expansion Project was completed in January 2020 and the new processing plant was fully commissioned to operate at the increased annualised rate of 15Mtpa together with a corresponding increase in mining rates.

The average process plant feed grade of 0.49% copper was consistent with reserve estimates and 2018 feed grade. The process recovery rate reduced slightly in 2019 to an average of 87.09%, from 88.3% in 2018, driven by lower recovery rates achieved during the ramp-up of the new mill. Cash Costs and All-in Sustaining Costs for 2019 of $1.80/lb and $2.14/lb respectively, were well below the budgeted figures of $2.10/lb and $2.32/lb respectively.

Health and safety continue to be of paramount importance to the Company. We aim to provide a safe working environment not only for our employees and consultants working on site, but also ensure a safe environment for the neighbouring communities. This is a key

priority during the outbreak of the current global COVID-19 pandemic. The Company has been fully supportive of all the requirements and recommendations issued by the Government of Spain and the regional and local health authorities to manage the risk of the COVID-19 exposure to our employees, customers, communities and suppliers.

At the end of March, in response to a Royal Decree, the mine was placed on care and maintenance for 10 days but following clarifications from the Spanish Government, Proyecto Riotinto recommenced on 3 April. The Company currently maintains its production guidance for 2020 in the range of 55,000 to 58,000 tonnes. We must, however, be conscious of the need to protect our employees from the rapid evolution of the COVID-19 virus, the potential for increased measures being imposed by the Spanish Central Government to reduce its spread, and any potential future impact of these restrictions. The Company will therefore update the market as necessary.

Exploration and infill drilling continued throughout 2019 in the Atalaya and Cerro Colorado pits to maintain the life-of-mine reserve position based on the increased processing rate. Results from ongoing exploration activities to date have been positive, with drilling taking place at San Dionisio in the Atalaya pit and at Filon Sur in the Cerro Colorado pit. The new drill data obtained continue to define and validate historical data of the copper stockwork in the area.

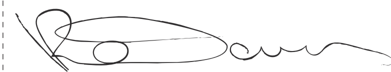
In January 2020, the Junta de Andalucía issued a favourable report in relation to the procedural error in the original issuance of the Unified Environmental Authorisation (the “AAU”) of Proyecto Riotinto. The AAU is still in a short legal claim period as all deadlines of the process have been suspended by the Junta de Andalucía as result of COVID-19 outbreak. Once the process is completed, the validated AAU is expected to be issued. Whilst the validation of the AAU is a required step towards the automatic validation of the mining permit, I would like to stress that the remediation of this procedural issue has in no way affected the normal running of the Proyecto Riotinto.

During 2019 no consideration was paid to Astor as, according to our assessment, Proyecto Riotinto did not generate any “Excess Cash”. With the desire to clarify any uncertainty on this issue, in March 2020 the Company filed an application in the High Court to seek clarity on the definition of “Excess Cash”. The Company expects that this process will bring clarity to the definition of “Excess Cash” and thus the payment schedule of the Deferred Consideration and the Loan Assignment.

The Company remains focused on growth opportunities. Having successfully completed the expansion of Proyecto Riotinto, the Company is focusing on resolving the issue with the negative Environmental Impact Statement for Proyecto Touro and is also continuing with the technical review and assessment of other opportunities for growth.

Finally, I would like to thank our management and staff for their continued commitment and efforts, the board members for their continued support and contribution and, last but not least, our valued shareholders for their continued support.

We look forward to the year ahead with continued confidence and optimism.



Roger Davey

Chairman of Atalaya Mining Plc

6 April 2020

Management Report

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Basis of Reporting

The Board of Directors of Atalaya Mining Plc presents its management report and the consolidated financial statements and the separate financial statements of the Company for the year ended 31 December 2019.

— Introduction

This report provides an overview and analysis of the financial results of operations of the Group, to enable the reader to assess material changes in the financial position between 31 December 2018 and 31 December 2019 and results of operations for the twelve month period ended 31 December 2019 and 31 December 2018.

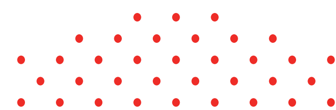
This report has been prepared as of 6 April 2020. The analysis hereby included, is intended to supplement and complement the consolidated and separate financial statements and notes thereto ("Financial Statements") as at and for the twelve month period ended 31 December 2019. The reader should review the Financial Statements in conjunction with the review of this report and with the consolidated financial statements for the twelve month period ended 31 December 2018. These documents can be found on the Atalaya website at www.atalayamining.com.

Atalaya prepares its Financial Statements in accordance with International Financial Reporting Standards ("IFRS") as issued by IASB and as adopted by the EU. The currency referred to in this document is the Euro ("EUR"), unless otherwise specified.

— Forward Looking Statements

This report may include certain "forward-looking statements" and "forward-looking information" applicable under securities laws. Except for statements of historical fact, certain information contained herein constitutes forward-looking statements. Forward-looking statements are frequently characterised by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made and are based on a number of assumptions and subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Assumptions upon which such forward-looking statements are based include all required third party regulatory and governmental approvals that will be obtained. Many of these assumptions are based on factors and events that are not within the control of Atalaya and there is no assurance they will be correct. Factors that could cause actual results to vary materially from results anticipated by such forward-looking statements include changes in market conditions and other risk factors discussed or referred to in this report and other documents filed with the applicable securities regulatory authorities. Although Atalaya has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Atalaya undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking statements.

Operational Review



Principal Activities of the Company and its Subsidiaries

The Company owns and operates through a wholly owned subsidiary, "Proyecto Riotinto", an open-pit copper mine located in the Pyritic belt, in the Andalusia region of Spain, approximately 65 km northwest of Seville.

Atalaya also owns 10% of Proyecto Touro, a brownfield copper project in northwest Spain.

In November 2019, Atalaya executed the option to acquire 12.5% of Explotaciones Gallegas del Cobre, S.L. the exploration property around Touro, with known additional reserves, for the amount of €500k.

The Company's and its subsidiaries' business are to explore for and develop metal production operations in Europe, with an initial focus on copper.

The strategy is to evaluate and prioritise metal production opportunities in several jurisdictions throughout the well-known belts of base and precious metal mineralisation in Spain and the Eastern European region.

For further details on the principal activities of the Group and the Company, refer to Note 1 of the financial statements.

Operational Review

— Proyecto Riotinto

The following table presents a summarised statement of operations of Proyecto Riotinto for the twelve month period ended 31 December 2019 and 2018.

Units expressed in accordance with the international system of units (SI)	Unit	2019	2018
Ore mined	t	**10,366,903**	10,753,598
Ore processed	t	**10,453,116**	9,819,839
Copper ore grade	%	**0.49**	0.49
Copper concentrate grade	%	**23.01**	23.31
Copper recovery rate	%	**87.09**	88.30
Copper concentrate	t	**195,072**	180,661
Copper contained in concentrate	t	**44,950**	42,114
Payable copper contained in concentrate	t	**42,935**	40,306
Cash cost	$/lb payable	**1.80**	1.94
All-in sustaining cost	$/lb payable	**2.14**	2.26

Notes:
There may be slight differences between the numbers in the above table due to rounding.

— Mining and Processing

Mining

Mining operations in 2019 progressed according to plan and at similar levels during the quarters. Ore mined during the year decreased slightly to 10.4 Mtpa compared to 10.8 Mtpa in the previous year.

Processing

During 2019 the plant processed 10.5 Mtpa of ore with an average copper head grade of 0.49% and a recovery rate of 87.09%. In comparison to the rates for 2018, throughput have increased however metallurgical recoveries have slightly decreased.

Throughput has increased from 9.8 Mtpa in 2018 to 10.5 Mtpa in 2019. The annual copper recovery rate was 87.09% compared to 88.30% in 2018 driven by lower recovery rates achieved during Q4 2019 owing to the ramp-up of the SAG mill. Copper concentrate grade was 23.01%, in line with expectations and slightly below previous year´s grade 23.31%.

Concentrate production for 2019 was 195,072 tonnes compared to 180,661 tonnes in 2018. Contained copper was 44,950 tonnes compared to 42,114 tonnes in 2018. Copper payable amounted to 42,935 tonnes from 40,306 tonnes in 2018.

On-site concentrate inventories at 31 December 2019 were approximately 14,201 tonnes (4,667 tonnes in 2018) which has been fully sold in January 2020. All concentrate in stock was delivered to the port at Huelva.

— Exploration and Geology

Exploration and infill drilling continue in Atalaya pit and Cerro Colorado pit. Results from ongoing exploration drilling in 2019 were encouraging with 7,238 metres drilled at San Dionisio (in Atalaya pit) and 4,959 metres drilled at Filón Sur (in Cerro Colorado pit). Results of new Atalaya drill data continue defining and validating historical data of the copper stockwork in the area.

— Expansion Project of Proyecto Riotinto

The 15Mtpa Expansion Project was completed with the processing plant fully commissioned and operating at an increased annualised rate of 15Mtpa since January 2020.

— Proyecto Touro

The "Dirección Xeral de Calidade Ambiental e Cambio Climático", (the General Directorate for the Environment and Climate Change of Galicia), announced on 28 January 2020 that a negative Environmental Impact Statement for Proyecto Touro (Declaración de Impacto Ambiental) had been signed.

The short release stated that the decision was based on two reports which form part of a wider evaluation consisting of fifteen reports produced by different departments of the Xunta de Galicia. These two reports query the ability of the Company to guarantee that there will be no environmental impact of the Project on the Ulla River and related protected ecosystems which are located downstream.

On 7 February 2020 the formal communication from the Xunta de Galicia was published in Galicia´s official journal. In the meantime the Company, along with its advisers, evaluates potential next steps for the Project, which could include an appeal of the decision made by the Xunta de Galicia, and/or the clarification of the questions raised by the reports.

— Receipt of Ruling on a Claim made by an Environmental Group

On 26 September 2018, Atalaya received notice from the Tribunal Superior de Justicia de Andalucía ruling in favour of certain claims made by environmental group Ecologistas en Accion ("EeA") against the government of Andalucía ("Junta de Andalucía" or "JdA") and Atalaya, as co-defendant in the case.

In July 2014, EeA filed a legal claim to JdA with a request to declare the Unified Environmental declaration (in Spanish, Autorización Ambiental Unificada, or "AAU") granted to Atalaya Riotinto Minera, S.L.U. dated 27 March 2014, null, which was required in order to secure the required mining permits for Proyecto Riotinto. The judgment, in spite of annulling the AAU on procedural grounds, made very clear that the AAU was correct and therefore, rejected the issues raised by EeA and confirmed the decision of JdA not to suspend the AAU.

The JdA filed an appeal to the Supreme Court. Although the claim was against the JdA, Atalaya, being an interested party in the process, voluntarily joined as co-defendant to seek permission to appeal to the Supreme Court in Spain.

On 29 March 2019, Atalaya announced the receipt of notification from the Supreme Court in Spain stating that it does not have jurisdiction over the appeal made by the Junta de

Andalucía and the Company, which voluntarily joined the appeal as co-defendant.

The main legal consequence of the Supreme Court rejection was the ruling of the Tribunal Superior de Justicia de la Junta de Andalucía (High Court of Justice of the Autonomous Government of Andalusia) dated 26 September 2018 which compelled the environmental authority to repair the inaccuracies in the process.

The Company received judgments relating to certain issues on the AAU and the Mining Permits from the Tribunal Superior de Justicia de Andalucía. The JdA continued the process of resolving the administrative issues identified and made public statements in support of Atalaya. The Company continued to operate the mine normally.

On 30 January 2020 the JdA issued a favourable report in relation to the AAU of Proyecto Riotinto. The AAU is still on a short legal consultation period as the JdA has suspended all deadlines of the process as result of COVID-19 outbreak. After this process is completed, the JdA is expected to issue the validated AAU.

This process will finally resolve all the administrative issues identified in the ruling of the Tribunal Superior de Justicia de Andalucía ("TSJA") that took place on 19 September 2018 regarding the AAU.

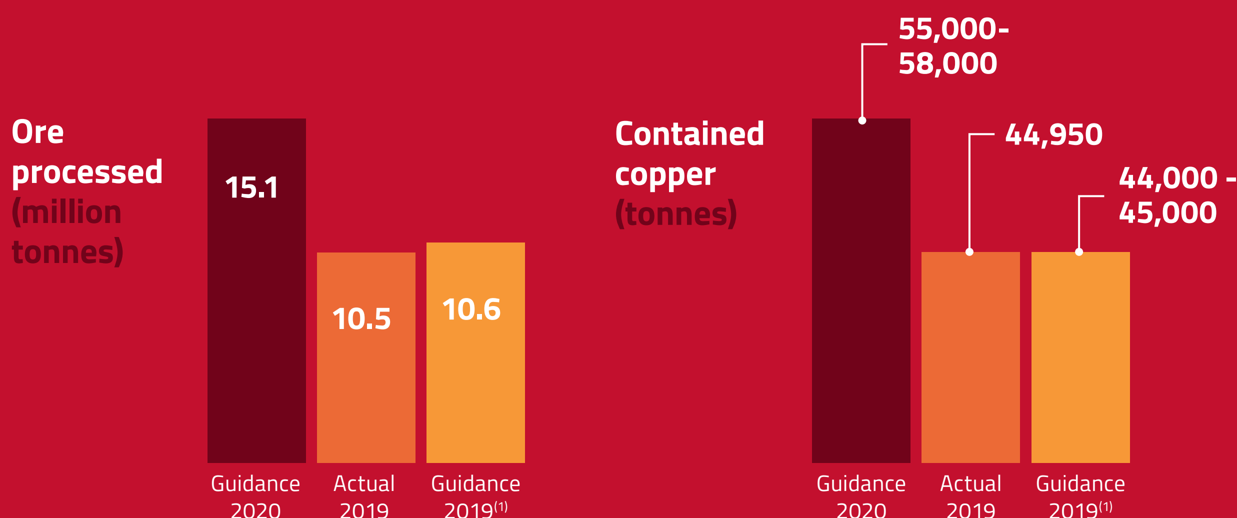
The validation of the AAU is a required step towards the automatic re-validation of the mining permit for Proyecto Riotinto.

The Company continues to operate the mine normally and will update the market on any development in due course.

Operational Guidance

The forward-looking information contained in this section is subject to the risk factors and assumptions contained in the cautionary statement on forward-looking statements included in the note of this report. The Company is aware that the COVID-19 pandemic may still have further effects of impact on how the Company can manage it operations and is accordingly keeping its guidance under regular review. Should the Company consider the current guidance no longer achievable, then the Company will provide a further update.

Proyecto Riotinto operational guidance for 2020 is as follows:



(1) This is the updated guidance as of 17 October 2019.

Copper head grade for 2020 is budgeted to average 0.45% copper, with a recovery rate of approximately 84% - 86%. Cash operating costs for 2020 are expected to be in the range of $1.95/lb – $2.05/lb. AISC for 2020 is expected to be in the range of $2.20/lb – $2.30 /lb copper payable.

Financial Review

Income Statement

The following table presents a summarised consolidated income statement for the twelve months period ended 31 December 2019, with comparatives and comparison with the twelve months ended 31 December 2018.

(Euro 000's)	Twelve months ended 31 Dec 2019	Twelve months ended 31 Dec 2018
Revenues from operations	**187,868**	**189,476**
Total operating costs	(115,944)	(128,923)
Corporate expenses	(6,718)	(5,867)
Exploration expenses	(3,588)	(1,021)
Care and maintenance expenditure	(373)	(281)
Other income	88	158
EBITDA	**61,333**	**53,542**
Depreciation/amortisation and impairment	(23,025)	(13,430)
Impairment loss on other receivables	(1,694)	-
Net foreign exchange profit	350	1,613
Net finance cost	(37)	(182)
Tax charge	(6,207)	(7,102)
Profit for the year	**30,720**	**34,441**

Revenues for FY2019 amounted to

€187.9 million

(FY2018: €189.5 million).

Copper concentrate production during FY2019 was

195,072 tonnes

(FY2018: 180,661 tonnes) and

185,545 tonnes

of **copper concentrate were sold** in the same period (FY2018: 183,368).

The **realised price** for the twelve-months period in 2019 was

$2.73/lb copper

compared to $2.95/lb copper in the same period of 2018. Concentrates were sold under offtake agreements in place. The Company did not enter into any hedging agreements in 2019 neither 2018.

Operating costs for FY2019 amounted to

€115.9 million

compared to €128.9 million in FY2018. Lower costs in 2019 were driven by efficiencies in maintenance costs and technical services.

Cash costs of

$1.80/lb

payable copper for FY2019, lower than $1.94/lb payable copper in the same period last year. All-in sustaining costs for FY2019 were

US$2.14/lb

payable copper compared to US$2.26/lb payable copper in the FY2018.

Sustaining capex for FY2019, included in capital expenditure, amounted to

€9.8 million

(FY2018: €8.0 million). Sustaining capex accounted for development programmes at the perimetric channel of tailings storage facility, optimisation of the flotation circuit.

Corporate costs for FY2019 were

€6.7 million

compared to €5.9 million for FY2018.

Exploration costs related to the Proyecto Riotinto for FY2019 amounted to

€3.6 million

compared to €1.0 million in the same period last year.

Care and maintenance costs related to the Proyecto Riotinto for FY2019 amounted to

€0.4 million

compared to €0.3 million for FY2018.

EBITDA for FY2019 amounted to

€61.3 million

compared to EBITDA of €53.5 million for FY2018.

Depreciation, amortisation and impairment of assets amounted to

€23.0 million

for FY2019 (FY2018: €13.4 million). The higher cost was mainly driven by the impairment of intangibles in Cobre San Rafael, S.L. (€6.9 million) which resulted from the negative Environmental Impact Statement for Proyecto Touro formally communicated by the Xunta de Galicia and an impairment of other investments (€1.7 million).

Net finance costs for FY2019 amounted to negative

€37k

(FY2018: negative €0.2 million).

Alternative Performance Measures

Atalaya has included certain non-IFRS measures including "EBITDA", "Cash Cost per pound of payable copper" "All In Sustaining Costs" ("AISC") and "realised prices" in this report. Non-IFRS measures do not have any standardised meaning prescribed under IFRS, and therefore they may not be comparable to similar measures presented by other companies. These measures are intended to provide additional information and should not be considered in isolation or as a substitute for indicators prepared in accordance with IFRS.

EBITDA includes gross sales net of penalties and discounts and all operating costs, excluding finance, tax, impairment, depreciation and amortisation expenses.

Cash Cost per pound of payable copper includes on-site cash operating costs, and off-site costs including treatment and refining charges ("TC/RC"), freight and distribution costs net of by-product credits. Cash Cost per pound of payable copper is consistent with the widely accepted industry standard established by Wood Mackenzie and is also known as the C1 cash cost.

AISC per pound of payable copper includes the C1 Cash Costs plus royalties and agency fees, expenditure on rehabilitations, stripping costs, exploration and geology costs, corporate costs, and sustaining capital expenditures.

Realised prices per pound of payable copper is the value of the copper payable included in the concentrate produced including the discounts and other features governed by the offtake agreements of the Group and all discounts or premia provided in commodity hedge agreements with financial institutions, expressed in USD per pound of payable copper. Realised price is consistent with the widely accepted industry standard definition.

Financial position

(Euro 000's)	31 Dec 2019	31 Dec 2018
ASSETS		
Non-current assets	**379,077**	337,503
Other current assets	**54,229**	34,581
Tax refundable	**1,924**	-
Cash and cash equivalents	**8,077**	33,070
Total Assets	**443,307**	405,154
Shareholders' equity	**317,456**	286,374
LIABILITIES		
Non-current liabilities	**65,219**	59,564
Current liabilities	**60,632**	59,216
Total liabilities	**125,851**	118,780
Total equity and liabilities	**443,307**	405,154

— Assets

Total assets were €443.3 million as at 31 December 2019, compared to €405.2 million as at 31 December 2018, an increase of €38.1 million. The Group's significant assets are its mining rights and mining plant at Proyecto Riotinto.

Non-current assets increased mainly due to the Expansion Project despite of a negative impact from the impairment of Proyecto Touro.

Other current assets as at 31 December 2019 amounted to €54.2 million (2018: €34.6 million), out of which €32.8 million (2018: €23.7 million) related to trade and other receivables and €21.3 million (2018: €10.8 million) related to spare parts and ore in stockpile classified as inventories.

Trade and other receivables comprise €8.8 million of sales of copper concentrate receivables from third parties (2018: €4.5 million), €8.9 million (2018: €2.5 million) related to sales of copper concentrate receivables from related parties, €14.4 million (2018: €13.7 million) related to VAT due from authorities in Spain and Cyprus; €0.6 million (2018: €0.7 million) related to prepayments and other current assets amounted to €0.1 million (2018: €1.1 million).

— Liabilities

Non-current liabilities stood at €65.2 million as at 31 December 2019 compared to €59.6 million as at 31 December 2018. Non-current liabilities mainly represent the Deferred Consideration to Astor amounting to €53.0 million as at 31 December 2019 (2018: €53.0 million). In addition to the Deferred Consideration, non-current liabilities included the rehabilitation provision of €6.6 million (2018: €6.5 million), the long term portion of leases following the adoption of IFRS 16 of €5.3 million (2018: nil) and trade payables of €13k (2018: €0.1 million).

Current liabilities amounted to €60.6 million at 31 December 2019 (2018: €59.2 million). Circa. 95% of current liabilities balance is comprised by trade and other payables amounting to €57.5 million (2018: €57.3 million) out of which €52.4 million related to suppliers (2018: €53.1 million); €4.9 million related to accruals (2018: €3.4 million) and €0.3 million (2018: €0.8 million) related to land options and mortgage. Other current liabilities include the short term portion of leases and current tax liabilities.

Liquidity and Capital Resources

Atalaya monitors factors that could impact its liquidity as part of Atalaya's overall capital management strategy. Factors that are monitored include, but are not limited to, the market price of copper, foreign currency rates, production levels, operating costs, capital and administrative costs.

The following is a summary of Atalaya's cash position as at 31 December 2019 and 2018, and cash flows for the twelve months ended 31 December 2019 and 2018.

— Liquidity Information

Unrestricted cash and cash equivalents as at 31 December 2019 decreased to €8.1 million from €32.8 million at 31 December 2018. The decrease in cash balances is mainly as result of the cash flow from investing activities in FY2019. Cash balances are unrestricted and include balances at corporate and operational level.

Restricted cash at 31 December 2019 has been reclassified to non-current trade and other receivables since the deposit related to restricted cash is considered to be long term.

As at 31 December 2019, Atalaya reported a working capital surplus of €3.6 million, compared to a working capital surplus of €8.4 million at 31 December 2018. The main liability of the working capital is trade payables related to Proyecto Riotinto contractors. The decrease was motivated by higher current tax liabilities and the lease impact in 2019.

Liquidity

(Euro 000's)	31 December 2019	31 December 2018
Unrestricted cash and cash equivalents at Group level	**1,730**	24,357
Unrestricted cash and cash equivalents at Operation level	**6,347**	8,463
Restricted cash	**-**	250
Working capital surplus	**3,598**	8,435

— Overview of the Group's Cash Flows

Cash and cash equivalents decreased by €25.0 million in the twelve months period ended 31 December 2019. This decrease was due to cash from operating activities amounting to €37.9 million, cash used in investing activities amounting to €62.4 million and cash generated by financing activities totalling negative €0.6 million.

Cash generated from operating activities before working capital changes was €62.5 million. Atalaya increased its trade receivables by €9.9 million, its trade payables balance in the period by €1.2 million and its inventory levels by €10.5 million.

Investing activities in 2019 amounted to €62.4 million, mainly relating to the Expansion Project of Proyecto Riotinto and sustaining Capex.

Financing activities in 2019 amounted to negative €0.6 million and related to the impact of leases as result of the application of IFRS 16.

Cashflow

(Euro 000's)	Twelve months ended 31 Dec 2019	Twelve months ended 31 Dec 2018
Cash flows from operating activities	**37,934**	55,333
Cash flows used in investing activities	**(62,351)**	(65,712)
Cash flows from financing activities	**(576)**	593
Net (decrease)/increase in cash and cash equivalents	**(24,993)**	(9,786)

Foreign Exchange

In FY2019, Atalaya recognised a foreign exchange gain of €0.4 million (FY2018 gain: €1.6 million). Foreign exchange gain mainly related to variances in EUR and USD conversion rates during the period, as all sales are settled and occasionally held in USD.

The following table summarises the movement in key currencies versus the EUR:

		31 Dec. 2019	31 Dec. 2018
Average rates for the periods	GBP – EUR	**0.8777**	0.8847
	USD – EUR	**1.1195**	1.1810
Spot rates as at	GBP – EUR	**0.8508**	0.8945
	USD – EUR	**1.1234**	1.1450

During 2019 neither 2018, Atalaya did not have any currency hedging agreements.

Ruling on the Astor Litigation and Deferred Consideration

In September 2008, the Group moved to 100% ownership of Atalaya Riotinto Mineral S.L. ("ARM") (and thus full ownership of Proyecto Riotinto) by acquiring the remaining 49% of the issued capital of ARM. At the time of the acquisition, the Group signed a Master Agreement (the "Master Agreement") with Astor Management AG ("Astor") which included a deferred consideration of €43.9 million (the "Deferred Consideration") payable as consideration in respect of the acquisition among other items. The Company also entered into a credit assignment agreement at the same time with a related company of Astor, Shorthorn AG, pursuant to which the benefit of outstanding loans was assigned to the Company in consideration for the payment of €9.1 million to Shorthorn (the "Loan Assignment").

The Master Agreement has been the subject of litigation in the High Court and the Court of Appeal that has now concluded. As a consequence, ARM must apply any excess cash (after payment of operating expenses, sustaining capital expenditure, any senior debt service requirements and up to US$10 million per annum (for non-Proyecto Riotinto related expenses)) to pay the consideration due to Astor (including the Deferred Consideration and the amount of €9.1 million payable under the Loan Assignment). "Excess cash" is not defined in the Master Agreement leaving ambiguity as to how it is to be calculated.

On 2 March 2020, the Company filed an application in the High Court to seek clarity on the definition of "Excess Cash". A preliminary hearing is due to take place on 22 May 2020. As and when a substantive hearing takes place, the Company expects to have clarity on the definition of Excess Cash and the payment schedule of the Deferred Consideration and the Loan Assignment.

As at 31 December 2019, no consideration has been paid.

The amount of the liability recognised by the Group and Company is €53 million (€43.9 million + €9.1 million) and €9.1 million respectively. The effect of discounting remains insignificant, in line with prior year's assessment, and therefore the Group has measured the liability for the Astor deferred consideration on an undiscounted basis.

Critical accounting policies, estimates, judgements, assumptions and accounting changes

The preparation of Atalaya's Financial Statements in accordance with IFRS required management to made estimates and assumptions that affected amounts reported in the Financial Statements and accompanying notes. There is a full discussion and description of Atalaya's critical accounting estimates and judgements in the audited financial statements for the year ended 31 December 2019 (Note 3.4).

Risk Report

Principal Risks and Uncertainties

Due to the nature of Atalaya's business in the mining industry, the Group is subject to various risks that could materially impact its future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to Atalaya.

Atalaya´s principal risks have continued to fall within four categories:

- Strategic risks;
- Commercial and financial risks;
- External risks; and
- Operational risks

Strategic Risks

Importance	Strategic Risks	Nature of the Risk	Mitigation of Risk
Medium	Single asset, single commodity and single country risk	The Company´s current production relates to Proyecto Riotinto, which is its single producing asset. Atalaya produces and sells copper concentrate with silver by-product. Any interruption in the producing asset may impact the Group's results.	Atalaya is constantly evaluating acquisitions in the mining sector, to increase the number of operations under management. The Group's Business Development Committee reviews potential growth opportunities and transactions, and approves or recommends them within authority levels set by the Board.
Low	Lack of replacement of reserves	Atalaya must continually replace and expand its mineral resources. The depletion of its mineral reserves may not be offset by future discoveries or acquisitions.	On-going exploration campaigns currently in areas close to Proyecto Riotinto. During 2019, Atalaya incurred in a total of EUR €3.6 million in exploration activities.
Medium	Underestimation of capex, finance and license to operate	Atalaya's capital expenditure in Proyecto Riotinto may require more capital than anticipated and/or Atalaya may have difficulties in obtaining required permitting and financing, which could delay project developments.	Expansion of Proyecto Riotinto have been completed in 2019. Atalaya monitors project controls to ensure that we deliver approved projects on time, on budget and in line with the defined specifications.

High Medium Low

Commercial and financial risks

Risk	Nature of the Risk	Mitigation of Risk	Importance
Significant changes to commodity prices	A decline in the price of copper and other metals in world markets, which can fluctuate widely, could adversely affect Atalaya´s business, operating results and prospects.	Atalaya is constantly monitoring commodity prices and revisiting hedging strategies policies. Improved operating efficiencies and production driving down unit costs.	Medium
Limited number of customers	100% of Atalaya´s concentrate production is sold to three offtakers. Offtakers' business can significantly impact its operations.	Close contact with offtakers to ensure we understand how they run their business.	Medium
Lack of control over certain key inputs	Atalaya may be unable to control the availability of key inputs such as fuel, cement and explosives, which are beyond management's influence.	The purchase department of the operating company is continually expanding their network influence to ensure supplier chain.	Medium
Foreign exchange risk	Atalaya's operations are subject to complex and evolving environmental laws and regulations and changes may increase its running costs. Volatility in the EUR:US$ exchange rate affects the Group's profitability.	Atalaya is continually monitoring exchange rate and revisiting hedging strategies policies.	Medium
Liquidity risk	Atalaya's operations and business model are subject to variety of financial risks of third parties.	Manage the liquidity and financing structure according with the business model. Maintain a diverse portfolio of banks and funds.	Medium

High | Medium | Low

External risks

Importance

Risk	Nature of the Risk	Mitigation of Risk
Political, legal and regulatory developments (Medium)	Atalaya is subject to extensive regulation, concessions, authorisations, licences, and permits which are subject to expiration, to limitation on renewal and to various other risks and uncertainties. Atalaya is also subject to laws and regulations relating to taxation, customs and royalties that could have an adverse effect on its business, financial conditions and results of operations.	Monitoring all legal and political decisions that might impact the mining sector, by participating among peer miners in the area in professional agencies and meetings. Partner with government and local municipalities. AAU and mining permit have been monitored by the company to achieve a successful result. Atalaya is monitoring the current situation of the environmental permit at Proyecto Touro. The Group has no operations or material exposure to the UK., Brexit is not expected to have any appreciable impact on the Group. This position is kept maintained under review as Brexit discussions continue. Recurrent meetings and analysis performed by local advisors to ensure that Atalaya monitored and anticipated taxation for significant business decisions.
Economic conditions (Medium)	General economic conditions or changes in consumption patterns may adversely affect Atalaya´s growth and profitability. In particular, the Chinese market, which has significant impact on the world's copper demand.	Monitoring commodities prices and international economic variations
Public health threats (High)	Public health threats such as coronavirus (COVID-19) or other epidemics or pandemics could affect the operations of the Group, the operations of the Group's customers and suppliers. A temporary stoppage was announced on 30 March 2020 and the restart of operations on 3 April 2020 as a result of measures taken by the Spanish Central Government in response to the COVID-19 outbreak.	The Group is continuously monitoring public health threats and takes necessary steps to protect the health and safety of its staff and minimise any disruption to its operations. The Group's main measures are as follows: reduce all non-critical site visits and meetings with contractors, require employees to work remotely whenever possible and communicate any potential exposure to any health threat, follow any mandatory health and safety instructions and restrictions imposed or recommended by the Authorities to reduce exposure. It is also adhering to all measures implemented by the central and regional governments.

High Medium Low

External risks *(cont.)*

Risk	Nature of the Risk	Mitigation of Risk	Importance
Dependence on key infrastructure	Atalaya is dependent on transportation facilities, infrastructure and certain suppliers, a lack of which could impact its production and development projects.	Atalaya´s contractors are very reliable. Atalaya maintains contingency plans to ensure operations.	Low
Operational risks and hazards	Operational risks and hazards may adversely impact Atalaya's business, financial condition and result of operations, particularly: floods, natural disasters, industrial accidents, labour disputes, structural collapses, transportations delays and earthquakes.	Atalaya constantly invests in health and safety and regularly analyses ways in which to make its mine safer.	Low
Labour disruptions	Atalaya may be adversely affected by labour disruptions.	Atalaya has periodic meetings with its trade unions to discuss and agree on any changes to labour conditions and concerns. Ongoing training programmes.	Low

Operational risks

Risk	Nature of the Risk	Mitigation of Risk	Importance
Water, electricity and other key supply shortages	Atalaya's mining operations depend on the availability of water, electricity and other key inputs.	Atalaya monitors water consumption and water levels frequently. As the Company expands, Atalaya will need more water and electricity. Atalaya has undertaken a water use enlargement project in which the Company will be incrementing their water resources by 50%.	Low
Complexity of environmental laws	Atalaya's operations are subject to complex and evolving environmental laws and regulations and changes may increase its running costs.	Atalaya has a dedicated team that review any new laws and changes regularly. Atalaya has not been highlighted of any imminent change.	Medium
Cyber security	A cyber-attack could affect our systems, data bases and regular activities.	Atalaya's IT department is regularly reviewing the internal process to identify any potential attack and to minimise the impact. Additionally, the structure of the systems has been reviewed during 2019.	High

High Medium Low

In addition to the above commercial and finance risks, please refer to Note 3 of the financial statements for further details on the finance risk management policy adopted by the Group and the Company.

Internal Controls

The Directors have overall responsibility for the Group's internal control and effectiveness in safeguarding the assets of the Group. Internal control systems are designed to reflect the particular type of business, operations and safety risks and to identify and manage risks, but not all risks completely to which the business is exposed. As a result, internal controls can only provide a reasonable, but not absolute, assurance against material misstatements or loss.

The processes used by the Board to review the effectiveness of the internal controls are through the Audit and Financial Risk Committee and Physical Risk Committee and the executive management reporting to the Board on a regular basis where business plans and budgets, including investments are appraised and agreed. The Board also seeks to ensure that there is a proper organisational and management structure with clear responsibilities and accountability. It is the Board's policy to ensure that the management structure and the quality and integrity of the personnel are compatible with the requirements of the Group.

The Board attaches importance to maintaining good relationships with all its shareholders and ensures that all price sensitive information is released to all shareholders at the same time in accordance with AIM and TSX rules. The Company's principal communication with its investors is through the annual report and accounts, the quarterly statements and press releases issued as material events unfold.

Going Concern

On 11 March 2020, the World Health Organisation declared the Coronavirus COVID- 19 outbreak to be a pandemic in recognition of its rapid spread across the globe. Many governments are taking increasingly stringent steps to help contain, and in many jurisdictions, now delay, the spread of the virus, including: requiring self-isolation/ quarantine by those potentially affected, implementing social distancing measures, and controlling or closing borders and "locking-down" cities/regions or even entire countries.

The crisis and the actions taken by governments have resulted in significant disruption to business operations, consumption patterns worldwide, equity markets and significant volatility in commodities prices, including copper, with prices declining below the Group's ASIC level in March 2020.

Furthermore, in Spain, where the Company has its single producing asset, the Government issued a Royal Decree on 14 March 2020 to declare a nationwide lockdown to reduce the impact of the COVID-19 pandemic. On 29 March 2020, the Spanish Government issued a new Royal Decree implementing enhanced measures to protect the people from the virus. The new Decree stipulated that only employees from a short list of essential industries are allowed to continue working from 30 March 2020. Mining was excluded as an essential industry and consequently the Proyecto Riotinto site was required to halt operations for a short period until 3 April 2020 when mining operations were permitted to restart.

The significant impact on copper prices and the stoppage of Proyecto Riontinto as a result of the Royal Decree will impact revenues for the year ended 31 December 2020. The uncertainty surrounding future copper prices and if

Proyecto Riotinto will be required to be halted again for a longer period makes difficult to determine and quantify the operational and financial impact the situation may cause to the business going forward.

The Directors have considered and debated different possible scenarios on the Company's operations, financial position and forecast for a period of at least 12 months since the approval of these financial statements. Possible scenarios range from (i) further disruption in Proyecto Riotinto; (ii) market volatility in commodity prices; and (iii) availability of existing credit facilities.

The Company has increased its cash balance from €8.0 million as at 31 December 2019 to €41.7 million as at 31 March 2020 by drawing down on existing credit facilities.

The Directors, after reviewing these scenarios, the current cash resources, forecasts and budgets, timing of cash flows, borrowing facilities, sensitivity analyses and considering the associated uncertainties to the Group's operations have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future. Accordingly, the consolidated financial statements continue to be prepared on a going concern basis (see Note 2.1(b)).

Atalaya had a legal claim affecting their environmental authorisation AAU, however the Junta de Andalucía ("JdA") issued in January 2020 a favourable report in relation to the AAU of Proyecto Riotinto. The AAU continues in a short legal consultation period exclusively with parties involved in the process, and the Company expects to have the AAU revalidated with no impact on the operation.

Creditors' Payment Terms

The Group does not have a specific policy towards its suppliers and does not follow any code or standard practice. However, terms of payment with suppliers are settled when agreeing overall terms of business, and the Group seeks to abide by the terms of the contracts to which it is bound.

Political and Charitable Donations

The Group made no political and no charitable donations during the year ended 31 December 2019 (2018: €nil). However, it often contributes financing for projects that benefit local communities in cooperation with local municipalities based on our Corporate Social Responsibility.

Research and Development Activities

For details on research and development activities carried out by the Group and Company (refer to section (ii). Future developments of the Group and Company to the Management Report).

Existence of Branches

The Group does not operate any branches.

Share Capital Structure

During 2019, the Company had the following weighted average number of shares outstanding and commitments to issue shares:

Weighted No. of Ordinary Shares

Ordinary shares	137,339,126
Options	1,896,516
Diluted	**139,235,642**

During 2019, Atalaya did not increase its share capital (2018: increase of 2.1 million shares) but granted 1,900,000 share options (2018: nil).

Details on authorised and issued share capital are disclosed in Note 22 of the consolidated financial statements.

Proposal in Relation to the Distribution of Profits and Dividend

The Directors do not recommend the payment of a dividend for the year (2018: €nil).

Our business model and strategy

The business model of Atalaya is founded upon creating value through operational and developmental excellence. Experience and an unceasing search for improvement are the pillars of its success.

Our values **Strategic pillars**

Importance of people

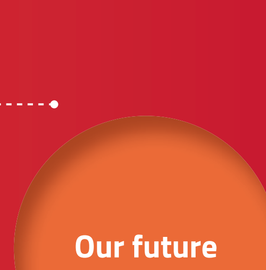
- Importance of Safety, Health, Environment & Security
- Strong work force with longstanding employees

Operational excellence

- Importance of cost management
- Establishing high performance
- Operating to a world-class standard
- Maximising production capacity

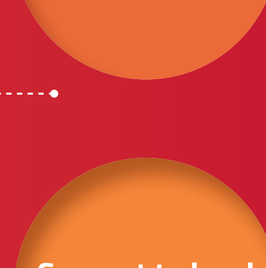
Creating value

- Increase asset value under management
- Focusing on generating free cash flows
- Focusing on creating value for shareholders
- Allocating capital efficiently
- Creating opportunities for growth



Social projects

- Working closely with communities
- Contribute to community development



Our people and relationships

- Environmental matters are discussed across the Group from the operating workforce to the Board of Directors.
- Continuous communication with regulatory bodies and shareholders to ensure world-class operation.
- Experienced mining team to ensure proper safety, health and security policies.
- Focused on creating a high-performance culture where its people are its core asset.
- Atalaya has a flat management structure with accessible people.
- Atalaya's personnel are primarily based at site.
- Focused on improving its relationships with local government and communities.
- Limited presence in the media, with efforts focused on direct contact with people.

Key driver

Cut expenditures to reduce environmental impact

450 employees

99% based at mine site

Socially responsible through Fundación Atalaya Riotinto

Achievements

2019 achievements

Increased the number of employees at Proyecto Riotinto

LTI and LTIFR improved in 2019 compared with 2018

2020 priorities

Further improve health and safety statistics

Principal Risks

Operational risks

External risks

Our business

- World-class processing plant in Europe to maximise value of the Group, thereby increasing free cash flows from operations.

Key driver

€61.3m EBITDA

45k tonnes of Cu produced

Achievements

2019 achievements

Production at Proyecto Riotinto above guidance.

All-in sustaining cost improvement above expectations.

The Junta de Andalucía issued a favourable report in relation to the AAU of Proyecto Riotinto in January 2020.

2020 priorities

Consolidate our growth with a production plant of 15Mtpa.

Maintaining operational continuity in view of COVID-19.

Principal Risks

Financial risks

Operational risks

Our future

- Evaluation of existing capacity of each project and investment in exploration to replace reserves deployed
- Searching and evaluating projects around the world

Key driver

share price of 192.0 pence as at 31 December 2019

Achievements

2019 achievements

Investment of €9.8 million (2018: €8.0 million) in sustaining Capex in Proyecto Riotinto.

Finalised 15Mtpa expansion project according with budget and timeline.

2020 priorities

Continuing exploration works to expand the reserves and resources of Proyecto Riotinto.

Expecting AAU validation by the JdA.

Monitoring new opportunities related with metals.

Working to understand and resolve environmental permitting decision on Projecto Touro.

Principal Risks

Stategic risks

External risks

Market Overview

Market Price

In 2019, copper traded between US$2.60 and US$2.93 per pound of copper. The spot price for copper was US$2.65 as at 2 January 2019 and US$2.79 as at 31 December 2019, reflecting an increase of 5.3% for the period. The average market price for 2019 of $2.72/lb, 7.2% lower than the average for 2018. The average copper price for Q1 2020 was $2.55 and the spot price at 31 March 2020 was $2.18, reflecting the economic uncertainty resulting from the COVID-19 outbreak.

The market copper price has a significant impact on Atalaya`s ability to generate positive operating cash flows.

Atalaya's Response

The Group had no hedges on commodities prices during 2019. At the date of this report, the Group is fully exposed to copper prices with no commodities hedging agreement in place.

— Foreign Exchange

Foreign exchange rate movements can have a significant effect on Atalaya's operations, financial position and results. Atalaya's sales are denominated in U.S. dollars ("USD"), while Atalaya's operating expenses, income taxes and other expenses are denominated in Euros ("EUR"), and to a much lesser extent in British Pounds ("GBP").

Accordingly, fluctuations in the exchange rates can impact the results of operations and carrying value of assets and liabilities on the balance sheet.

Atalaya's Response

The Group was positively impacted by favourable rate against USD, the currency in which all sales of the Group are denominated.

Management is continuously monitoring currency rates and evaluating possible currency hedging to minimise risk.

— Realised Copper Prices

The average prices of copper for 2019 and 2018 were:

(USD)	2019	2018
Realised copper price per lb	2.73	2.95
Market copper price per lb (period average)	2.72	2.93

Realised copper prices for the reporting period noted above have been calculated using payable copper and including both provisional invoices and final settlements of quotation periods ("QPs") together. Higher realised prices than market copper prices are mainly due to the final settlement of invoices where the QP was fixed in the previous quarter due to a short open period when copper prices were higher. The realised price during the year, excluding the QP, was approximately $2.73/lb.

Statement of Corporate Governance

The Group and the Company give special attention to the application of sound corporate governance policies, practices and procedures. Corporate Governance is the set of procedures followed for the proper management and administration of the Group. Corporate Governance rules the relationship between the shareholders, the Board of Directors and the management team of a company.

The QCA code has been adopted by the Group and the Company since its inception for Directors' dealings which is appropriate for a TSX and AIM listed company. The Directors comply with Rules 21 and 31 of the AIM Rules relating to Directors' dealings and will continue to take all reasonable steps to ensure compliance by the Group's applicable employees as well.

Corporate Governance Code

The QCA code is inherent to the Company´s foundation and Atalaya´s medium and long-term success depends on its compliance with the QCA code and with its forward looking and long-term objectives.

The Company has adopted a code of standards since its inception for Directors' dealings which is appropriate for a TSX and AIM listed company. The Directors do comply with Rules 21 and 31 of the AIM Rules relating to Directors' dealings and will take all reasonable steps to ensure compliance by the Group's applicable employees as well.

The board reviews and is in frequent contact with the CEO and with other representatives of the Company to see if the Company and its employees are in a healthy working environment and to check if the state of the culture represents its values.

The Company is incorporated in Cyprus, so it is subject to Cypriot laws and regulations, and is subject to the regulations of AIM and TSX, its trading platforms. There is no conflict there and in fact makes it easier to be more transparent and straightforward with its shareholders.

Quoted Company Alliance (QCA)

The QCA is an independent membership that "champions the interests of small to mid-size listed companies". The QCA represents companies employing around 1.4 million workers and they set out the guidelines of independence and transparency for said businesses.

In 2018, the QCA issued an updated version of its Corporate Governance Code. This new and updated version of the Code includes 10 corporate governance principles that companies should follow, and step-by-step guidance on how to effectively apply these principles.

Please refer to the Corporate Governance Report for further details.

Directors' Responsibilities for the Financial Statements

Cyprus company law states that the Directors are responsible for the preparation of financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that period.

In the preparation of these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for maintaining proper accounting records, for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities. Legislation in Cyprus governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

— Composition, Responsibilities and Remuneration of the Board of Directors

The members of the Board of Directors as at 31 December 2019 and on the date of this report are presented in the Corporate Governance report. There were no significant changes in the assignment of responsibilities of the members of the Board of Directors.

For further details on the composition, responsibilities and remuneration of the Board of Directors, please refer to the Corporate Governance report.

Auditors

The auditors, Ernst & Young Cyprus Ltd., have expressed their willingness to continue in office and a resolution approving their reappointment and giving authority to the Board of Directors to set their remuneration will be proposed at the next Annual General Meeting.

Events after Reporting Period

Any significant events that occurred after the end of the reporting period are described in Note 34 to the financial statements.

By Order of the Board of Directors,

Roger Davey

Chairman

Nicosia, 6 April 2020

Sustainability Report

45 Social development
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47 Environment

Social development

Overview

Atalaya Mining is strongly committed with its Corporate Social Responsibility. In this regard, the management of the Company, supported by the Board of Directors, have integrated standards and policies that operate across the whole organisation. These determine a strong will for an excellent performance in the way Atalaya´s operations affect people, the environment, and society.

Our Communities

Atalaya is devoted to being a responsible corporate citizen and is aware of its responsibilities as the most relevant productive player in its area. This circumstance highlights the importance of a well-tuned channel of communication with its stakeholders, in order to add value to its mining operations in accordance with the expectations and needs of its communities.

Atalaya´s strategy to support the establishment of sustainable, long-standing operations is strongly attached to dealing with the environmental and social impact of its activities in a conscientious and delicate manner. This is achieved through ensuring that relations with governments, regional or local authorities, media, workforce, contractors and providers, and the society in general, are led by transparency and mutual trust, and an appropriate degree of interaction is encouraged.

The result of the analysis of this continuous dialogue established with its stakeholders advises that even though the economic, social and environmental impact of the mining operations in Proyecto Riotinto are generally considered as very positive. Notwithstanding this, it is the Company´s responsible approach to opt for further involvement with the goals and aspirations of its communities.

The most relevant goals are the efforts devoted to job creation, local development and diversification of the area. These goals are incorporated to Atalaya´s responsibility plans, which are implemented by its wholly owned Fundación Atalaya Riotinto, an organisation led by Proyecto Riotinto management that, after its third full year in operation, has built strong ties with the communities and developed numerous actions and programmes in order to assist and support the Riotinto Mining Basin communities.

During 2019, Fundación Atalaya Riotinto has worked in four fields of action: Social Support, Culture & Heritage, Local Development & Education, and Health, Environment & Sports. These four areas are worked on thanks to the collaboration with local associations and NGOs, the

programmes established with the various municipalities and the own initiatives managed by our Fundación Atalaya Riotinto. Atalaya has invested €0.5 million in 2019 in all these activities.

Social Support

Fundación Atalaya Riotinto is aware of the difficulties that part of the population, living in the mine´s surrounding areas, must deal with, and it has a commitment to assist when possible and alleviate such social problems. In this regard, Fundación Atalaya Riotinto establishes cooperation plans with charities, NGOs and local governments that address such issues. In 2019, Fundación Atalaya Riotino has supported programmes to assist people with Alzheimer Syndrome and their families, and the integration of an IT training classroom for people with disabilities. Also, Fundación Atalaya Riotinto has contributed with funds to support the acquisition, by a local charity, of a van that will allow groups of kids form disadvantaged areas to be transported to several educational activities. Atalaya has also sponsored a charitable golf tournament to benefit Huelva´s Food Bank, and has funded activities of Cruz Roja and Cáritas, in cooperation with the local government of Nerva to assist disadvantaged families with food, clothing and educational needs.

Culture & Heritage

The Riotinto Mining Basin is a place full of culture and heritage and it is considered as strategic by the community to preserve such wealth, be able to express itself and attract people to promote its economy. With this in mind, the Company has sponsored a regional music contest with the participation of hundreds of young musicians from official music schools; Atalaya has also sponsored the Cultural Week of Nerva´s official adults school. It has also signed agreements with the association of retired employees of Riotinto Mine, that represent more than 200 people, to contribute in the funding of some of their cultural activities. In cooperation with the city hall of Minas de Riotinto, Atalaya has provided the necessary funding for the opening of the Museum of the Town, which contains large scale models that represent the old town of Minas de Riotinto. In Campofrío, Atalaya has contributed to the refurbishment of the local church (XVII century), which is a relevant heritage site.

Local Development & Education

The development of economic areas so to not to be dependent on the mine is one of the main challenges that the region must address and that Atalaya perceives as its duty to support. This will be achieved by improving local infrastructures, promoting new businesses, improving local education and training for the local population.

One of the main steps taken towards this objective is "Reto Malacate", an initiative to reward the best business project to be identified in the region. In the 2019 edition, 10 ideas were presented, and the idea selected is the project for establishing an adventure tourism business that will use some of the great opportunities that the area provides.

Other actions carried out in 2019 include cooperating with the city hall of Nerva, to provide the necessary funding for the reconstruction of a road that connects the town with some populated areas outside the town. Continuing with this involvement in education and entrepreneurship, the Company has extended the Language School Programme in cooperation with the city council of Nerva and has restarted the school visits programme of the mining region to Atalaya´s facilities. Atalaya has also reached agreements with the towns of Nerva and Campofrío, respectively, to repopulate an important street with palm trees, and advertising the town to attract tourism. Minas de Riotinto has started a renovation programme for some of their streets thanks to a programme sponsored by our Fundación Atalaya Riotinto. Nerva has also renovated two parks and changed some of their streetlights to LED. Berrocal has also invested funds coming from Fundación Atalaya Riotinto in fixing some of their infrastructure, including streets and rural roads.

Health, Environment & Sports

Atalaya is interested in promoting a better environment and supports a health culture based on prevention, self-care and the practice of sports. In this regard, Fundación Atalaya Riotinto has developed and sponsored several initiatives.

For example, in collaboration with Asociación Matilde, the Company has been involved in a programme consisting of restoring an organic local garden and selling the vegetables to local markets. People involved in this project come from families at risk of social exclusion. In El Campillo, the company has supported a project to create new facilities for abandoned dogs. In Nerva, Atalaya has cooperated with its municipality to fund the acquisition of new equipment to practice crossfit. Atalaya has also taken part into the GAVI program (Business Alliance for Childhood Vaccination) in cooperation with Fundación La Caixa and Bill & Melinda Gates Foundation. Atalaya has sponsored also many sport events, and local sport teams, throughout the entire year.

Health and Safety

In the last quarter of 2019, the programme and lines of work planned for more comprehensive action on health and safety at work were carried out. This programme has enabled Atalaya to end the 2019 year meeting its goals in terms of occupational accidents and reaching the lowest numbers of accidents since the start of operations. Index of severity and frequency rates of 0.15 and 6.10. The Company has significantly improved its rates compared to previous years.

These improvements have been obtained through the following lines of work in the area of occupational risk prevention, supported by all departments:

- **Total implementation in the investigation of accidents** to reach the root cause through the "5 why" methodology.
- **Implementation of a two-year theoretical and practical training programme to all company' employees**. This training was based on risk analysis and preventive measures in the protocols for high risk jobs mainly: working at height, reduced spaces and auto-breathing equipment, insulation, blocking and mechanical lifting of loads.
- **OSHAS qualification standards**: 18001-2007 of the occupational health and safety management systems.
- **Regular meetings**, involving employees' representatives to discuss aspects of safety improvement conditions for employees. Furthermore, Atalaya set up a team to evaluate the psychosocial impacts in which these representatives have experienced.

Likewise, the emergency drill plan has been fully accomplished with three exercises being carried out in 2019, in order to learn about and improve the means of action in critical situations at the facility.

Improvement of the circulation of information relating occupational safety and health using information screens located at strategic points in the mining facility, sending news and key occupational risk prevention messages.

At the same time, the Company formed an emergency a first response brigade, made up of volunteers whose are being trained and coached in several disciplines such as rescue from heights, fire protection and first aid. Atalaya has also invested in preparing premises to house specific emergency materials.

In 2020, Atalaya will continue with the "zero damage" policy, re-inforcing all the actions that have been taken and increasing safety in all its work. As such, it plans to establish the discipline of field leadership, through an ambitious programme of audits, preventive observations, inspections and the "Stop and Talk" methodology.

Environment

Water management and mining facilities improvement have resulted in a 46% decrease in water pollution recorded prior to the start of Proyecto Riotinto in 2015.

In terms of air quality, there is a continued decline in particle levels in the surrounding population (12% average reduction in these levels since 2017), as a result of the enormous efforts made by Atalaya to reduce particle emissions into the atmosphere as a consequence of its operation, such as the acquisition of four pieces of high tonnage equipment for the continuous irrigation of the mining tracks, the conducting of a study of particle emissions to the atmosphere in the surroundings of the mining region surrounding Riotinto and the hiring of a weather forecasting and air quality service.

In 2019, in the town of Nerva, where air quality data is available prior to the start of the Proyecto Riotinto, particle

levels were recorded close to the concentrations of geochemical background in PM10 recorded between the years 2009-2014, and even in the regional background obtained in Doñana Natural Park. The data obtained in 2019 (a year that was hydrologically very dry, which facilitates the production of emissions into the atmosphere), demonstrate the effectiveness of the atmospheric particulate study carried out by ARM.

Regarding the management of non-mining waste, in 2019 there has been a decrease in the production of waste from the operation in Proyecto Riotinto. In 2019, 11.3kg/t of waste of concentrate produced in 2019 was generated in Proyecto Riotinto, compared to an average of 13.4 kg/t in previous years, representing a 16% reduction in non-mining waste produced in 2019.

Efforts made by the environment department to raise awareness among employees regarding recycling have been accomplished as there is a high percentage of waste destined for recycling (82%).

In terms of quality management, the department of environment, quality and historical heritage has continued to lead in 2019 the process of implementing an Integrated Quality Management System, so Atalaya sets itself standards of quality management, environmental management and prevention of occupational risks higher than those legally enforceable, pursuing excellence as a main objective.

During 2019, the certification process of The Integrated Quality Management System of Atalaya has been undertaken, which is expected to be completed in the first half of 2020.,The leadership and commitment of Company management stand out as strengths in this certification process of the system due to their active participation in the audit process. The high level of training and commitment of the technical staff must also be noted.

Regarding historical and archaeological heritage, a study and documentation of the archaeological site of the Look Out has been completed, providing remarkable results from the point of view of the spatial and chronological definition of the city of "Urium", which is one of the most relevant models of active metallurgical deposits worldwide, since the Tartessos era. The most majestic era of the Tartessos during the Roman period since the Roman period, from the 3rd century B.C. until the end of the 2nd century A.D.

Among the building elements exhumed in the excavation are two Roman metallurgical furnaces from the 1st century A.C. whose uniqueness and exceptional state of preservation ensures they are of significant scientific interest. Said will be extracted and placed in a museum.

Targets for 2020:

Water Quality

It is planned to carry out the calculation of the water footprint of the mining project, as a tool for the improvement of the water management system currently in use.

Air Quality

As part of the continuous enhancement process undertaken since the beginning of the operations in Riotinto, in 2020 the objective is to finalise actions on air quality improvement in the area of La Dehesa (located next to the industrial complex of Proyecto Riotinto).

Carbon Footprint

In addition, in 2020 the carbon footprint of the mining project will be available. It will be used to implement actions to achieve an improvement in the sustainability of the activity.

Non-mining Waste

The Company has integrated actions to improve the management of waste produced in its facilities in order to continue the downward trend in the production of non-mining waste and a more sustainable activity. Among these actions, the project of construction of a new non-hazardous waste park and a specific training in waste management to the entire staff of the Company.

Historical and Archaeological Heritage

The study and documentation of the Cortalago site (also belonging to the ancient city of Urium) will continue with the target of completing this intervention in 2021.

Corporate Governance Report

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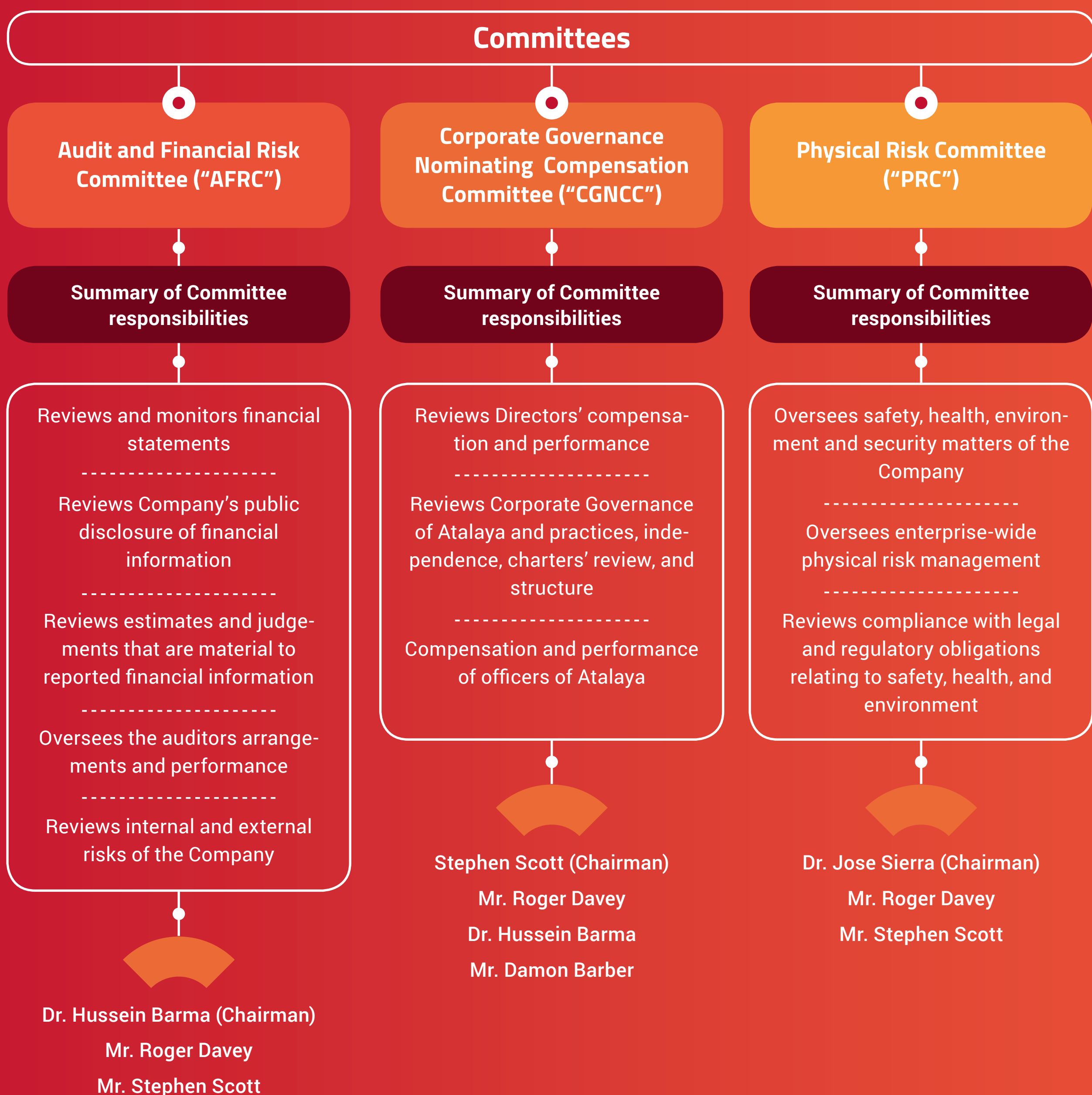
Board of Directors

Board Structure



Directors

The names and particulars of the qualifications and experience of each director are set out below. All directors held office from the start of the financial year to the date of this report. In accordance with the Company's Articles of Association, one-third of the Board of Directors must resign each year. All the directors will retire at the next AGM and offer themselves for re-election.

— Roger Davey

Non-executive Chairman of the Board

Mr. Davey has over forty years' experience in the mining industry. Previous employment included assistant director and senior mining engineer at NM Rothschild & Sons; director, vice-president and general manager of AngloGold's subsidiaries in Argentina; operations director of Greenwich Resources Plc, London; production manager for Blue Circle Industries in Chile; and various production roles from graduate trainee to mine manager, in Gold Fields of South Africa (1971 to 1978). Mr. Davey is currently a director of Highfield Resources Ltd., Central Asia Metals plc and Tharisa plc.

Mr. Davey is a graduate of the Camborne School of Mines, England (1970), with a Master of Science degree in Mineral Production Management from Imperial College, London University, (1979) and a Master of Science degree from Bournemouth University (1994). He is a Chartered Engineer (C.Eng.), a European Engineer (Eur. Ing.) and a Member of the Institute of Materials, Minerals and Mining (MIMMM).

Mr. Davey is the Chair of the Board of Directors and a member of the Audit and Financial Risk Committee, the Physical Risk Committee and the Corporate Governance Nominating Compensation Committee.

Mining experience, operations, processing, exploration, Capital market, UK Market, International business, leadership, strategic, fund raising, M&A, governance, project management.

Name ....
Roger Davey

Role ....
Chairman Independent

Years of service..........................
Since May 2010

Executive ....
Non-executive director

Time commitment ....
At least 75% meetings schedule

Skills ....
Mining experience, operations, processing, exploration, Capital market, UK Market, International business, leadership, strategic, fund raising, M&A, governance, project management.

— Alberto Lavandeira

Managing Director and Chief Executive Officer

Mr. Lavandeira brings close to forty years of experience operating and developing mining projects. Formerly, he was President, CEO and COO of Rio Narcea Gold Mines which built three mines including Aguablanca, El Vallés-Boinas y Tasiast. He is a director of Black Dragon Gold Corp. and Samref Overseas S.A, and he was involved in the development of the Mutanda Mine in the Democratic Republic of Congo.

He is a graduate of the University of Oviedo, Spain with a degree in Mining Engineering.

Name ....
Alberto Lavandeira

Role ....
Chief Executive Officer

Years of service..........................
Since May 2014

Executive ....
Executive

Time commitment ....
100%

Skills ....
Mining experience, operations, processing, exploration, commercial, Capital market, International business, leadership, strategic, fund raising, M&A, governance, project management, permitting, government relations, CEO, sustainability.

— Damon Barber

Non-executive Director

Mr. Barber is currently the Senior Managing Director of Liberty Metals & Mining. Mr. Barber has more than 20 years' experience in natural-resources finance, mining project development and mining operations. Mr. Barber graduated from the University of Kentucky with a B.S. in Mining Engineering and began his career as a section foreman at CONSOL Energy Inc.'s Loveridge Mine. Mr. Barber holds an MBA from the Wharton School of the University of Pennsylvania.

Name
Damon Barber

Role
Non-Independent

Years of service
Since Sep 2015

Executive
Non-executive director

Time commitment
At least 75% meetings schedule

Skills
Mining experience, operations, processing, Capital market, International business, leadership, strategic, fund raising, M&A, governance, project management.

— Dr. Hussein Barma

Non-executive Director

Dr. Barma is a principal of Barma Advisory. He was formerly CFO (UK) of Antofagasta Plc from 1998 to 2014 and possesses a deep knowledge of governance practices at board level, as well as accounting and reporting, investor relations and regulatory requirements of the London market. He previously worked as an auditor at Price Waterhouse (now PwC) and until May 2018 he was a steering group member of the UK Financial Reporting Council's Financial Reporting Lab. He is a non-executive Director of Chaarat Gold Holdings Limited.

Dr. Barma is the Chair of the Audit and Financial Risk Committee, and a member of the Corporate Governance Nominating Compensation Committee.

Name
Hussein Barma

Role
Chair of the AFRC Independent

Years of service
Since Sep 2015

Executive
Non-executive director

Time commitment
At least 75% meetings schedule

Skills
Mining experience, Corporate finance, finance and accounting, legal, UK Market, Capital market, International business, leadership, strategic, fund raising, M&A communications, sustainability.

— Jesús Fernández

Non-executive Director

Mr. Fernandez is head of the M&A team for Trafigura. He joined Trafigura in 2004 and has fifteen years of experience in mining investments and financing. Previously, he was a director of Nyrstar, Tiger Resources Limited, Cadilac Ventures, Anvil Mining Limited and Iberian Minerals Corp. plc.

Name
Jesús Fernández

Role
Non-Independent

Years of service
Since Sep 2015

Executive
Non-executive director

Time commitment
At least 75% meetings schedule

Skills
Mining experience, Capital market, UK Markets, International business, Corporate finance, finance and accounting, legal, leadership, strategic, fund raising, M&A, governance.

— Harry Liu

BSc. Economics - non-executive Director

Mr. Liu is a board director of Yanggu Xiangguang Copper (Shandong, China), one of the world's largest copper smelting, refining and processing groups.

Mr. Liu has held a number of senior management and marketing positions in the mineral and financial industries in Shanghai and Hong Kong, including roles as marketing manager at BHP Billiton Marketing AG and Director at BNP Paribas Asia.

Mr. Liu graduated with a Bachelor´s Degree in Economics from Zhejiang University in Zhejiang Province, China.

Name
Harry Liu

Role
Non-Independent

Years of service
Since Oct 2010

Executive
Non-executive director

Time commitment
At least 75% meetings schedule

Skills
Commodity trading and financing, Capital market, International business, leadership, strategic, fund raising, M&A, governance, project management, permitting.

— Jonathan Lamb

Non-executive Director

Mr. Lamb is portfolio manager at Orion Mine Finance and a director at Minera la Negra and former director at Lynx Resources. He was formerly investment manager for Red Kite Group's Mine Finance business. He was previously at Deutsche Bank's Metals & Mining Investment Banking group in New York, where he worked on a variety of debt and equity financings and M&A transactions.

Name
John Lamb

Role
Non-Independent

Years of service
Since Sep 2015

Executive
Non-executive director

Time commitment
At least 75% meetings schedule

Skills
Mining experience, Capital market, UK Markets, International business, Corporate finance, finance and accounting, legal, leadership, strategic, fund raising, M&A, governance.

— Dr. Jose Sierra Lopez

Non-executive Director

Dr. Sierra has an extensive experience as a mining and energy leader in the business and government sectors. His experience includes being Spain's national Director General of Mines and Construction Industries and EU Director for Fossil Fuels for the European Commission. Most recently he was Commissioner at the National Energy Commission of Spain. He was also a member of the Single Electricity Market of the Republic of Ireland and Northern Ireland He was a member of the Board of Transport et Infrastructures Gaz France.

Dr. Sierra holds a Ph.D. in Mining from the University of Madrid. He obtained a DIC at the Royal School of Mines (Imperial College) and is an elected member of the Royal Academy of Doctors of Spain.

Dr. Sierra is the Chair of the Physical Risk Committee.

Name
Jose Sierra Lopez

Role
Non-Independent

Years of service
Since Sep 2015

Executive
Non-executive director

Time commitment
At least 75% meetings schedule

Skills
Mining experience, operations, processing, exploration, Capital market, UK Market, International business, leadership, strategic, governance, project management, permitting.

— Stephen Scott

Non-executive Director

Mr. Scott is president and CEO of Entree Resources Limited. Previously, he was president and CEO of Minenet advisors advising on strategy, corporate development, business restructuring and project management. He held various global executive positions with Rio Tinto (2000-2014) and currently serves on the boards of a number of public and private mining companies.

Mr. Scott is the Chair of the Corporate Governance Nominating Compensation Committee and a member of the Audit and Financial Risk Committee.

Name ....
Damon Barber

Role ....
Chair of the CGNCC - Independent

Years of service..............................
Since Sep 2015

Executive ....
Non-executive director

Time commitment ....
At least 75% meetings schedule

Skills..
Mining experience, operations, processing, exploration, Capital market, International business, leadership, strategic, fund raising, M&A, governance, project management, permitting, CEO.

Management

— Alberto Lavandeira

Managing Director and Chief Executive Officer

Mr. Lavandeira brings close to forty years of experience operating and developing mining projects. Formerly, he was President, CEO and COO of Rio Narcea Gold Mines which built three mines including Aguablanca, El Vallés-Boinas y Tasiast. He is a director of Black Dragon Gold Corp. and Samref Overseas S.A, and he was involved in the development of the Mutanda Mine in the Democratic Republic of Congo.

He is a graduate of the University of Oviedo, Spain with a degree in Mining Engineering.

Name .... Alberto Lavandeira

Role .... Chief Executive Officer

Years of service .... Since May 2014

Executive .... Executive

Time commitment 100%

Skills ....
Mining experience, operations, processing, exploration, commercial, capital market, international business, leadership, strategic, fund raising, M&A, governance, project management, permitting, government relations, CEO, sustainability.

— Cesar Sanchez

Chief Financial Officer

Former CFO of companies in mining and financial sectors; including CFO of Iberian Minerals Corp. with copper assets in Spain and Peru performing equity and debt raisings. Worked for Ernst & Young as financial advisor and auditor. Qualified accountant, holds a business administration degree.

He is a graduate of the University of Sevilla, Spain with courses in Dublin City University and ESIC.

Name .... Cesar Sanchez

Role .... Chief Financial Officer

Years of service .... Since June 2016

Executive .... Executive

Time commitment 100%

Skills ....
Mining experience, Capital market, Canada and UK Markets, International business, Corporate finance, finance and accounting, legal, leadership, strategic, fund raising, M&A, governance.

— Enrique Delgado

Operations - General Manager Proyecto Riotinto

Former CEO of Tharsis Mining has also performed as director of Metallurgy and Environment at Cobre Las Cruces Mine (First Quantum) both in Spain. With First Quantum also participated in the start-up of Kansanshi Mine smelter in Zambia. Started his career as metallurgist in Riotinto Mine and later with FreePort McMoran, at Atlantic Copper smelter in Huelva, Spain.

He is a graduate of the University of Sevilla, Spain and Master of Senior Management of Leading Companies of the San Telmo International Institute of Sevilla, Spain.

Name .... Enrique Delgado

Role .... Operation General Manager Proyecto Riotinto

Years of service .... Since May 2019

Executive .... Executive

Time commitment 100%

Skills ....
Mining experience, operations, processing, exploration, international business, leadership, strategic, governance, project management and permitting.

Corporate Governance Compliance Statement

The Company adheres to the QCA Corporate Governance Code. Its statement of compliance is contained in section iii of the Management Report.

Board Appointments

The Board is appointed by the shareholders and are chosen based on their skill, experience and expertise. Directors are always expected to be ambassadors for the Company and reflect its values and work ethic. They are also expected to devote substantial time to research and preparation before each meeting to ensure that the future of the Company is going in the right direction.

Director Induction

When appointed, new Directors are provided with an induction programme including meetings with other Directors, members of the senior management team and the Company's professional advisors. They are also briefed on their responsibilities under AIM and TSX. New Directors are also provided with an opportunity to visit the Company's operations in Spain to understand how Atalaya works on-site.

The Company requires its Directors to keep themselves professionally up-to-date and familiar with its articles and charters.

Director Independence

The Board will be composed of at least the same number of independent Directors (in accordance with applicable securities laws and stock exchange rules) as non-independent, non-executive Directors. The CGNC Committee will determine whether a member of the Board, or nominee to the Board, is an independent Director. If at any time less than half of the non-executive Directors are independent, the Board shall take steps to ensure that the composition of the Board reflect that at least half are independent. If at any time the Chairman of the Board is not independent, the Board shall consider possible steps and processes to ensure that leadership is provided for the Board's independent Directors.

This ensures that all Board discussions or decisions have the benefit of outside views and experience, and that at least half of the non-executive Directors are free of any interests or influences that could or could reasonably be perceived to materially interfere with the Director's ability to act in the best interests of the Company.

At least annually, the Board shall, with the assistance of the CGNC Committee, determine the independence of each director and the independence of each AFRC member.

In the opinion of the Board, all Directors should bring specific skills and experience that add value to the Company. The balance of skills and experience of the Board is to be regularly reviewed by the CGNC Committee.

When considering the potential reappointment of an existing Director, the Board will consider the individual's performance as well as the skills and experience mix required by the Board in the future.

When considering vacancies, the Board will consider a candidate's capacity to enhance the mix of skills and experience of the Board.

Role of the Board

The Board has a duty to supervise the management of the business and affairs of the Company. The Board directly and with the Chair provide direction to senior management, generally through the CEO, to pursue the best interests of the Company.

The Board has the final responsibility for the successful operations of the Company. The Board must ensure that management has in place appropriate processes for strategic planning and risk assessment, management and

internal control and monitor performance against benchmarks. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body.

The Board is responsible for guiding and monitoring the business and the affairs of the Company. The Company recognises the importance of the Board in providing a sound base for good corporate governance in the operations of the Company. The Board must at all times act honestly, fairly and diligently in all respects in accordance with the law applicable to the Company. Furthermore, the Board will at all times act in accordance with all Company policies in force.

Each of the Directors, when representing the Company, must act in the best interests of shareholders of the Company and in the best interests of the Company as a whole.

Highlights of the Board for this Year

Atalaya has had thirteen Board meetings in which a whole array of subjects were dealt with. When needed, its professional advisors are invited to attend meetings to provide input into legal and financial matters.

Atalaya has also had four Physical Risk Committee meetings, six Audit and Financial Risk Committee meetings and three Corporate Governance, Nominating and Compensation Committee meetings.

These committee meetings were held to deal with specifics and then a summary of those meetings was reported to the Board of Directors. A summary of the topics discussed at Board and Committee meetings included:

- Health and safety, reporting of accidents and reviewing policy to look for improvements including a go ahead on a restructuring of the safety department.
- Operational, discussed all the different operational figures.
- Financial, reviewed figures such as cost, capital investment, budgets, etc.
- Quarterly reports, annual report and other deliverables to the Market.
- Re-election of Directors.
- Risk Management, Atalaya had a reassessment of risk and the areas that changed were updated.
- Board and committees' performance.

The Board would like to thank the committees that have helped the Board reach its conclusions.

The Role of Individual Directors

As members of the Board, Directors have ultimate responsibility for the Company's overall success. Therefore, Directors have an individual responsibility to ensure that the Board is undertaking its responsibilities as set out in the Board charters.

Directors need to ensure the following:

- Leadership to the Company, particularly in the areas of ethics and culture including a clear and appropriate strategic direction.
- Accountability to key stakeholders, particularly shareholders.
- Oversight of all control and accountability systems including all financial operations and solvency, risk management and compliance.
- An effective senior management team and appropriate personnel policies; and
- Timely and effective decisions on matters relating to it.

It is also **expected that the Directors comply with the following**:

- Behaving in a manner consistent with the words and spirit of the Code of Conduct.
- Making reasonable efforts to attend all meetings of the Board, the annual general meeting of shareholders of the Company and of all the Board committees upon which they serve. Subject to extenuating circumstances, Directors are expected to attend at least 75% of regularly scheduled Board and committee meetings. The CGNC Committee will review the circumstances that prevent any director from achieving the minimum level and report its findings to the Board.
- Addressing issues in a confident, firm and friendly manner but also ensure that others are given a reasonable opportunity to put forward their views.
- Preparing thoroughly for each Board or Committee event.
- Using judgement, common sense and tact when discussing issues.

Lastly Directors will keep confidential all Board discussions and deliberations. Similarly, all confidential information received by a Director in the course of the exercise of the Director's duties remains the property of the Company and is not to be discussed outside the boardroom. It is improper to disclose it, or allow it to be disclosed, without appropriate authorisation.

Chairman's Role

The Chairman is considered the "lead" Director and utilises his/her experience, skills and leadership abilities to facilitate the governance processes. The Chairman will be selected on the basis of relevant experience, skill and leadership abilities.

The **responsibilities of the Chair** include but is not restricted to:

- Chair Board, annual and extraordinary meetings;
- Set Board agendas and ensure that the meetings are effective and follow the agenda;
- Ensure that the decisions are implemented promptly;
- Ensure that the Board behaves in accordance with the Company´s code of conduct
- The primary spokesperson and channel of communication for the Company in the annual general meeting and in all public relation activities;
- To be kept informed by the CEO and other senior management which may be relevant to Directors in their capacity as Directors;
- Ensures Directors devote sufficient time to their tasks.

The Board monitors and promotes corporate culture with frequent contact via senior management and the CEO. The management and CEO report the state of the culture to the Board and include any recommendations they have.

The Role of the CEO

The CEO is responsible for the attainment of the Company's goals and vision for the future, in accordance with the strategies, policies, programmes and performance requirements approved by the Board. The position reports directly to the Board.

The CEO's primary objective is to ensure the ongoing success of the Company through being responsible for all aspects of the management and development of the Company. The CEO is of critical importance to the Company in guiding the Company to develop new and imaginative ways of winning and conducting business. The CEO must have the industry knowledge and credibility to fulfil the requirements of the role.

The CEO will manage a team of executives responsible for all functions contributing to the success of the Company.

The **tasks of the CEO** shall include but not restricted to:

- Develop with the Board, implement and monitor the short- medium- and long-term strategic and financial plans for the Company to achieve the Company's vision and overall business objectives;
- Develop all financial reports, and all other material reporting and external communications by the Company, including material announcements and disclosure, in accordance with the Company's Shareholder Communication Policy;
- Manage the appointment of the Chief Operating Officer ("COO"), CFO, Company Secretary and other specific senior management positions;
- Develop, implement and monitor the Company's risk management practices and policies;
- Consult with the Chairman and the Company Secretary in relation to establishing the agenda for Board meetings;
- Agree with the Chairman their respective roles in relation to all meetings (formal and informal) with shareholders and all public relations activities;
- Be the primary channel of communication and point of contact between members of senior management and the Board (and the directors);
- Keep the Chairman fully informed of all material matters which may be relevant to the Board and its members, in their capacity as directors;
- **Provide strong leadership** to, and effective management of, the Company in order to:
  - Encourage co-operation and teamwork, build and maintain staff morale at a high level and build and maintain a strong sense of staff identity with, and a sense of allegiance to, the Company;
  - Advise the Board on the most effective organisational structure and overseeing its implementation;
  - Establishing and maintaining effective and positive relationships with Board members, shareholders, customers, suppliers and other government and business liaisons;
  - Carry out the day-to-day management of the Company.

The role of Company Secretary

The Company Secretary is charged with facilitating the Company's corporate governance processes and so holds primary responsibility for ensuring that the Board processes and procedures run efficiently and effectively. The Company Secretary is accountable to the Board, through the Chairman, on all governance matters and reports directly to the Chairman as the representative of the Board. The Company Secretary is appointed and dismissed by the Board and all Directors have a right of access to the Company Secretary.

The **tasks** of the Company Secretary shall include but not restricted to:

- Notifying the directors in writing in advance of a meeting of the Board as specified in the Constitution and the Board Charter;
- Recording, maintaining and distributing the minutes of all Board and Board Committee meetings as required;
- Preparing for and attending all annual and extraordinary general meetings of the Company;
- Overseeing the Company's compliance programme and ensuring all Company legislative obligations are met;

Ensuring all requirements of regulatory bodies are fully met; and providing counsel on corporate governance principles and Director liability.

Board Diversity

Atalaya recognises the need to have a diverse board so that varying points of view can be brought to the table. It ensures its Directors are well qualified and have a range of different skills and experience, with a good international mix to meet the requirements of operating in a global industry.

Board Meetings and Attendance

The board and Directors do not have fixed time requirements. They are expected to attend all meetings and be sufficiently prepared with all issues that arise.

Atalaya's decisions are predominantly made by achieving a consensus at Board meetings. In exceptional circumstances, decisions may be taken by the majority of Board members.

All Directors are required to take decisions objectively and in the best interests of the Company. As part of their duties as Directors, non-executive Directors are expected to apply independent judgement to contribute to issues of strategy and performance and to scrutinise the performance of management.

The Board is scheduled to meet at least 8 times a year, and at such other times as are necessary to discharge its duties. The Board met a total of 13 times in 2019. Meetings occurred in person and by teleconference.

2019 Annual General Meeting

Atalaya's AGM will be held on 25 June 2020 at 11:00h in London (United Kingdom). The business of the meeting will be conducted in accordance with regulatory requirements and standards. The Chairman of the Board and the Chairmen of the Committees will be available to answer questions put to them by shareholders at the meeting.

Board meetings and attendance

Directors	BoD		AFRC		CGNCC		PRC	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
R. Davey	13	13	6	5	3	3	4	4
A. Lavandeira	13	13	-	-		-	-	-
D. Barber	13	13	-	-	3	2	-	-
H. Barma	13	13	6	6	3	3	-	-
J. Fernández	13	9	-	-	-	-	-	-
H. Liu	13	10	-	-	-	-	-	-
J. Lamb	13	13	-	-	-	-	-	-
J. Sierra Lopez	13	13	-	-	-	-	4	4
S. Scott	13	13	6	6	3	3	4	4

Audit and Financial Risk Committee

Indemnification of Directors and Officers

During the year, the Company held insurance to indemnify Directors. The Company Secretary and its executive officers against liabilities incurred in the conduct of their duties to the extent permitted under applicable legislation.

Membership	Attendance
Hussein Barma	6/6
Stephen Scott	6/6
Roger Davey	5/6

The Role of the AFRC

The AFRC is responsible for assisting the Board in overseeing the independence of the external auditors and fulfilling the **Boards' statutory and fiduciary responsibilities** relating to:

- Financial reporting;
- Reviewing and assessing the Company's business and financial risk management process, including the adequacy of the overall internal control environment and controls in selected areas representing significant risk; and
- External Audit.

The Company's Audit and Financial Risk Committee ("AFRC") is responsible for ensuring that appropriate financial reporting procedures are properly maintained and reported on, for meeting with the Group's auditors and reviewing their reports on the Group's financial statements and the internal controls and for reviewing key financial risks.

To fulfil these functions the AFRC shall have the following **duties and responsibilities**:

- To review the quality and integrity of all published financial statements and reports including the annual Management Discussion and Analysis report (if applicable) and quarterly earnings press releases issued by the Company, prior to the Company publicly disclosing the information, as well as all other material continuous disclosure documents and analysis with a view to making a recommendation to the Board.
- To review estimates and judgements that are material to reported financial information and consider the quality and acceptability of the Company's accounting policies and procedures and the clarity of disclosure in financial statements.
- To ensure compliance by the Company with legal and regulatory requirements related to financial reporting.

- To review and to recommend to the Board the nomination and appointment of the external auditor for the purposes of preparing or issuing an auditors' report or performing other audit, review or attest services and to recommend to the Board the compensation of the external auditor.
- To review the qualifications, performance and independence of the external auditor, to consider the auditor's recommendations and manage the relationship with the auditor, which includes meeting with the external auditor as required in connection with the audit services provided and to review the engagement letter of the external auditor.
- To oversee the work of the external auditor engaged for the purposes of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting.
- To meet with the external auditor to discuss the annual financial report and any transaction referred to in the Board Charter.
- To provide the external auditor with the opportunity to meet with the AFRC without management present at least once per year for the purpose of discussing any issues.
- To review the quality and integrity of the internal controls and accounting procedures of the Company including reviewing the Company's procedures for internal control.
- To identify risks inherent in the business of the Company and to review the Company's risk management procedures.
- To review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company.
- To review any significant, including any pending, transactions outside the Company's ordinary course of business and any pending litigation involving the Company.
- To review and monitor management's responsiveness to external audit findings or any regulatory authority.
- To report to the Board of Directors, who in turn may refer the matter to the Corporate Governance, Nominating and Compensation Committee, any improprieties or suspected improprieties with respect to accounting and other matters that affect financial reporting or the integrity of the business.

IIn addition, the AFRC shall establish procedures for the receipt, retention and treatment of complaints (including "whistleblowing" complaints) received by Atalaya Mining regarding risk management, legal/regulatory compliance, accounting, internal accounting controls or auditing. This is to include a process for confidential anonymous complaints by employees or other stakeholders.

The AFRC comprises three members all of whom are non-executive and Independent. The current membership of the committee is Dr. H. Barma (Chairman), Mr. R. Davey and Mr. S. Scott. The secretary, CEO and CFO and external auditors also attend in when requested by the Committee.

— 2019 Review

The AFRC met six times during 2019. Four meetings were timed to coincide with approval of financial results for publication with two meetings held as planning meetings for the year-end.

During the year, the AFRC maintained regular dialogue with management as well as the external auditors, both within and outside of formal committee meetings. The principal matters considered by the AFRC during the year and in its discussions with management and the external auditors included:

- Review and approval of the quarterly, half yearly and full year financial results.
- Impact of new accounting standards and guidance, in particular IFRS 16 "Leases" and IFRIC 23.
- The going concern statement in the Management Report above and in Note 2.1(b) to the Financial Statements, including the possible impact of the COVID-19 outbreak.
- Key accounting and audit matters for 2019 including the Astor Deferred Consideration and Revenue Recognition.
- An internal evaluation of the AFRC's performance with feedback from board members, senior management and the external auditors.
- A review of the AFRC's Charter to ensure that it remained fit for purpose and that the AFRC complied with its responsibilities.

Hussein Barma

Chairman of Audit and Financial Risk Committee

6 April 2020

Corporate, Governance, Nominating and Compensation Committee Report

Membership	Attendance
Stephen Scott	3/3
Damon Barber	2/3
Hussein Barma	3/3
Roger Davey	3/3

The Role of the CGNCC

The Company's Corporate Governance, Nominating and Compensation Committee ("CGNCC") is, among other things, responsible for reviewing the performance of the executives, setting their remuneration, determining the payment of bonuses, considering the grant of options under any share option scheme and, in particular, the price per share and the application of performance standards which may apply to any such grant.

The Company's Corporate Governance, Nominating and Compensation Committee ("CGNCC") is, among other things, responsible for reviewing the performance of the executives, setting their remuneration, determining the payment of bonuses, considering the grant of options under any share option scheme and, in particular, the price per share and the application of performance standards which may apply to any such grant.

Remuneration arrangements are aligned to support the implementation of the Company strategy and effective risk management for the medium to long-term. The remuneration committee ensures that this is done and considers the views of shareholders.

The Committee makes recommendations for Board review. The Committee shall have such powers and duties as may be conferred on it from time to time by resolution of the Board. In addition, the Committee shall have the following **specific functions and responsibilities**:

- The Committee shall periodically review and, if advisable, approve and recommend for Board approval the compensation paid to Directors.

- At least annually, and prior to the nomination or appointment of potential candidates, the Committee shall review the competencies, skills, experience and areas of expertise of the Board on an individual and collective basis. Based on this review, the Committee shall identify areas where additional competency, skill, experience or expertise would be of benefit to Atalaya Mining.

- As required, the Committee shall identify and, if advisable, recommend to the Board for approval, potential candidates for nomination or appointment to the Board having regard to the results of the review referred to above. The Board should consider whether or not each new nominee can devote sufficient time and resources to his or her duties as a Committee member.

- The Committee shall periodically assess the contribution and effectiveness of the Board, the Directors, each Board Committee and the Chairman of the Board against their respective mandate, charters or other criteria the Committee considers appropriate. The Committee shall report its findings to the Board and, based on those findings, recommend any action plans that the Committee considers appropriate.

- The Committee shall oversee the development of any orientation programmes for new Directors. The Committee shall periodically review any such programme and approve changes it considers appropriate.

- The Committee shall periodically review Atalaya Mining's corporate governance practices and policies. As part of its review, the Committee shall take regulatory requirements and best practices, including the UK Corporate Governance Code and QCA guidelines, into account. The Committee shall report the results of its review, including any recommended changes to existing practices, to the Board in a timely manner.

- The Committee will also establish and maintain a complaints programme to facilitate (1) the receipt, retention and treatment of complaints received by the Company regarding its Accounting Standards, violations of the Code of Business Conduct and Ethics and the Anti-Bribery and Corruption Policy, breaches in compliance with applicable laws including relating to health and safety or the environment and (2) the confidential, anonymous submission by employees of the Company of any complaints made in these areas.

- At least annually, the Committee shall evaluate each Director and each Audit and Financial Risk Committee member against the independence criteria established by the UK Corporate Governance Code and report the results to the Board.

- The Committee shall review, in conjunction with management, the corporate governance disclosure for Atalaya Mining's annual report, notice of shareholders meetings and other regulatory and shareholder reports.

- The Committee shall periodically review and, if advisable, approve and recommend for Board approval performance goals for the CEO in light of the Company's corporate goals and objectives.

- The Committee shall periodically evaluate the performance of the Chief Executive Officer in relation to his or her performance goals. The Chief Executive Officer evaluation shall be conducted in conjunction with the Chairman of the Board and shall be presented to the Board for its review.

- The Committee shall periodically review, and, if advisable, approve and recommend for Board approval the Chief Executive Officer's compensation package. The compensation package recommendation shall be based on the CEO's evaluation, as well as other factors and criteria as may be determined by the Committee from time to time.

- The Committee shall, as required, review and, if advisable, approve and recommend for Board approval, the appointment, compensation and other terms of employment of all senior management reporting directly to the CEO.

- The Committee shall periodically review and, if advisable, approve and recommend for Board approval, a succession and emergency preparedness plan for all senior management reporting directly to the CEO. Upon the vacancy of such senior management personnel, the Committee may make a replacement recommendation for Board approval based on the succession plan.

- The Committee shall periodically review the Company's existing share option plan and make any recommendations to the Board regarding the plan as it considers advisable. The Committee shall also review any proposed equity compensation grants (other than pursuant to the existing plan), programmes or plans.

The CGNCC comprises four members all of whom are non-executive and three are Independent. The current membership of the committee is Mr. S. Scott (Chairman), Mr. R. Davey, Dr. H. Barma and Mr. D. Barber.

— Directors' Share Options

The Directors to whom options over ordinary shares have been granted and the number of ordinary shares subject to such options (post share consolidation figures) as at the balance sheet date are as follows:

There were no further option grants between the balance sheet date and the date of this report.

Options expire five years after grant date and are exercisable at the exercise price in whole or in part up to one third in the first year from the grant date, two thirds in the second year from the grant date and the balance thereafter.

Grant date	Expiration date	Exercise price	A. Lavandeira
23 Feb 2017	22 Feb 2022	144p	**150,000**
29 May 2019	28 May 2024	201.5p	**600,000**
			750,000

— Substantial Share Interests

The Shareholders holding more than 3% of the share capital of the Company as at the date of this report were:

Company	Ordinary shares 000's	%
Urion Holdings (Malta) Ltd (subsidiary of Trafigura)	30,821	22.44
Yanggu Xiangguang Copper Co. Ltd	30,706	22.36
Liberty Metals & Mining Holdings LLC	19,579	14.26
Orion Mine Finance (Master) Fund I LP	18,787	13.68
Cobas Asset Management, SGIIC, S.A.	6,959	5.07

— Corporate Governance

The Directors comply with TSX and AIM regulations and Cyprus Company Law. The Board remains accountable to the Company's shareholders for good corporate governance.

— Directors' Emoluments

In compliance with the disclosure requirements of the listing requirements of AIM and TSX, the aggregate remuneration paid to the Directors of Atalaya Mining Plc for the year ended 31 December 2019 is set out below:

(Euro 000's)	Short term benefits		Share based payments		
31 Dec 2019	Salary & fees	Bonus	Incentive options*	Bonus shares**	Total
Executive directors					
A. Lavandeira	457	325***	173	-	**955**
Non-executive directors					
R. Davey	107	-	-	-	**107**
D. Barber	56	-	-	-	**56**
H. Barma	76	-	-	-	**76**
J. Fernández	51	-	-	-	**51**
J. Lamb	51	-	-	-	**51**
H. Liu	51	-	-	-	**51**
J. Sierra López	65	-	-	-	**65**
S. Scott	79****	-	-	-	**79**
	993	**325**	**173**	**-**	**1,491**

Notes:

(*) The amount relates to the non-cash expense recognised in accordance with IFRS 2 Share-based payments. On 29 May 2019 the Company granted 600,000 share options to the Executive Director Alberto Lavandeira (see Note 23).

(**) There were no bonus shares granted during 2019.

(***) The amount relates to the approval of the performance bonus for 2018 by the BoD following the proposal of the CGNC Committee. During 2019, the Group has expensed the same amount for the performance bonus of 2018 which is not included in the table. The amount is yet to be approved by the BoD. There is no certain or guarantee that the BoD will approve a similar amount for 2019 performance.

(****) Includes €3k paid to the Canadian Pension Plan for fees related to previous years.

— Directors' Interests

The interests of the Directors and their immediate families, (all of which are beneficial unless otherwise stated) and of persons connected with them, in Ordinary Shares, as at 31 December 2019 and 2018, are as follows:

Name	2019		2018	
	Nr. of existing ordinary shares	% of issued share capital	Nr. of existing ordinary shares	% of issued share capital
R. Davey	-	-	-	-
A. Lavandeira	210,000	0.15%	160,000	0.12%
D. Barber(1)	19,578,947*	14.26%	19,578,947*	14.26%
H. Barma	-	-	-	-
J. Fernández(2)	30,821,213*	22.44%	30,821,213*	22.44%
H. Liu(3)	31,150,943**	22.68%	31,150,943**	22.68%
J. Lamb(4)	18,786,609*	13.68%	18,786,609*	13.68%
J. Sierra Lopez	26,666	0.02%	26,666	0.02%
S. Scott	-	-	-	-

Notes:

(1) Liberty Metals & Mining Holdings LLC
(2) Urion Holdings (Malta) Ltd
(3) Yanggu Xiangguang Copper Co. Ltd
(4) Orion Mine Finance (Master) Fund I LP
(*) Shares held by the companies the Directors represent
(**) includes 444,711 shares held personally by Mr. Liu. No movements during 2019.

— 2019 Review

The Committee met three times during 2019, covering a number of issues. The Company invited Field Fisher into their meetings to support all decisions from the Committee to be proposed to the Board.

Atalaya keeps the balance and membership of its Board under review and no new appointments were made during the year. All Directors were re-elected at the last Annual General Meeting during 2019.

Atalaya always bases their remuneration packages in comparison with their peers in the mining sector and in companies of similar size and similar financials.

Stephen Scott

Chairman of Corporate Governance, Nominating and Compensation Committee

6 April 2020

Physical Risks Committee Report

Membership	Attendance
Dr José Sierra López (Chair)	4/4
Roger Davey	4/4
Stephen Scott	4/4

The Role of the PRC

The function of the PRC is oversight. It is recognised that members of the PRC who are Non-Executive Directors are not full-time employees of the Company and generally do not represent themselves as experts in the fields of safety, health, environment, security or risk management. As such, it is not the responsibility of the PRC personally to conduct safety, health, environment, security or risk reviews.

Committee members are entitled to rely on Atalaya Mining Management with respect to matters within their responsibility and on external professionals on matters within their areas of expertise.

Committee members may assume the accuracy of information provided by such persons, so long as the members are not aware of any reasonable grounds upon which such reliance or assumption may not be appropriate.

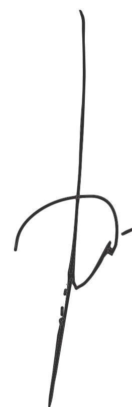
Management is responsible for implementing, managing and maintaining appropriate enterprise-wide safety, health, environment, security and risk management systems, policies and procedures, reporting protocols and internal controls that are designed to ensure compliance with applicable laws and regulations. Management is also responsible for the preparation, presentation and integrity of the information provided to the Committee.

The PRC comprises three members all of whom are non-executive and Independent. The current membership of the committee is Dr. J. Sierra (Chairman), Mr. R. Davey and Mr. S. Scott.

— 2019 Review

The PRC had four meetings in the year which covered a number of issues. These included meetings on site which covered health and safety issues and risk areas. Health and safety is a key priority to ensure a safe working environment for both employees and contractors and the Company is focused on ensuring it meets all regulations and assesses risk factors on a regular basis.

I would like to thank the safety department personnel, in particular, for their contributions and suggestions to continually make our operations safer.



Dr José Sierra López

Chairman of Physical Risks Committee

6 April 2020

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Independent Auditor's report

TO THE MEMBERS OF ATALAYA MINING PLC

Report on the Audit of the Financial Statements

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Independent Auditor's Report

To the Members of Atalaya Mining Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated and parent company financial statements of Atalaya Mining Plc (the "Company"), and its subsidiaries (the "Group"), which comprise the consolidated and parent company statements of financial position as at 31 December 2019, and the consolidated and parent company statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated and parent company financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and parent company financial statements give a true and fair view of the consolidated and parent company financial position of the Group and the Company as at 31 December 2019, and of the consolidated and parent company financial performance and cash flows of the Group and the Company for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as issued by the IASB and also as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Parent Company Financial Statements section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated and parent company financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter relating to COVID-19 developments

The developments surrounding the COVID-19 (Corona) virus have a profound impact on people's health and on our society as a whole, as well as on the operational and financial performance of organisations and the assessment of the ability to continue as a going concern. The financial statements and our auditor's report thereon reflect the conditions at the time of preparation. The situation changes on a daily basis giving rise to inherent uncertainty. The impact of these developments on the Group's operations is disclosed in the Management Report and in the disclosure about events after the reporting period. We draw attention to these disclosures. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and parent company financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and parent company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated and Parent Company Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and parent company financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and parent company financial statements.

Key Audit Matters	Our response to the Key Audit Matters
Astor deferred consideration As of 31 December 2019, the deferred consideration liability in respect of Astor amounts to €53m for the Group and €9.1m for the Company (Note 2.17, 3.4(i) and 28). The valuation of the Astor deferred consideration has been identified as a key audit matter considering it is a highly judgemental matter and the amounts involved are significant. The litigation in the High Court and the Court of Appeal has been concluded and in accordance with the ruling, any "excess cash" generated by the subsidiary Atalaya Riotinto Minera, S.L.U ("ARM") must be used to repay the deferred consideration. Atalaya have recognised the total value of the provision at €53m and judgement remains in the interpretation of "excess cash". IAS 37 requires the provision to be made using management's best estimate and discounted, where the impact of doing so is material to the financial statements. In order to determine the best estimate and assess if discounting the liability is needed, management has applied significant judgments and assumptions which are disclosed in Note 3.4(i) and Note 28.	Our approach in this area focused on the following procedures: ▸ We obtained an understanding of the issue through discussions with management and from reading the Master Agreement, Final Court Judgment, explanation from the Group's external lawyers on the definition and implication of "excess cash" and the accounting paper prepared by management; ▸ We obtained an update on the status of the legal proceedings through discussions with management and the Group's external lawyers. Furthermore, we have obtained a letter of representation from the lawyers; ▸ We analysed and assessed management's judgements and assumptions made to determine the best estimate of the liability for the Astor deferred consideration, considering the interpretation of "excess cash", expected timing of cash outflows, and management's conclusion not to discount the liability as the effect of discounting was not considered significant; ▸ We have assessed the valuation of the liability for the Astor deferred consideration to ascertain that the IAS 37 requirements, specifically for the measurement of provisions, have appropriately been considered; and ▸ We assessed whether the consolidated and parent company financial statements include complete and adequate disclosures in respect of the Astor deferred consideration and related management judgements (Notes 3.4(i) and 28).

<table>
<tr><th>Key Audit Matters</th><th>Our response to the Key Audit Matters</th></tr>
<tr><td>
Revenue recognition

During the year ended 31 December 2019 the Group recognised revenue from operations of €187.9m. Refer to Note 2.23, 4 and 5.

The significant value of revenue transactions and complex terms under which title and control pass to the customer increases the risk of cut-off errors. We have also identified risks in relation to the calculation of the adjustment for provisional pricing. In particular:

► Cut-off: the complexity of terms that define when control is transferred to the customer, as well as the high value of transactions, give rise to the risk that revenue is not recognised in the correct period.
► Measurement: at each reporting period there are a number of open invoices that are provisionally priced using the concentrate sold and the forward pricing of those sales. Estimation is used in the valuation of these transactions and the income statement impact of the mark to market movement is recorded as a fair value gain/loss relating to provisional pricing, disclosed separately in revenue included in the statement of comprehensive income.

Due to the significance of revenue for the Group financial statements, and since the calculations are based on estimations and susceptible to potential manipulation, we consider this to be a key audit matter.
</td><td>
Our approach focused on the following procedures:

► We obtained an understanding of the key controls around the revenue recognition process in order to assess whether it is designed to prevent, detect or correct material misstatements in the reported revenue figures;
► We analysed the terms and conditions of the sales contracts and evaluated whether they have been accounted for in line with the Group's revenue recognition policy. We have reviewed revenue recognition policies for compliance with the requirements of IFRS 15 Revenue from contracts with customers ("IFRS 15");
► For a risk-based sample, we performed detailed substantive testing procedures over the revenue transactions. This included: agreeing the main inputs to supporting evidence (such as provisional and final invoices, shipments confirmation, market prices, agreements and bank statements), recalculating the amounts invoiced and recorded as revenue, performing cut off testing over the revenue recognition in the correct period;
► For open sales where provisional pricing applied, we compared to external sources the inputs used and recalculated the provisional price adjustment to evaluate whether it was correctly measured;
► We considered and analysed the nature of any significant credits raised post year-end to evaluate that revenue transactions were recorded at the correct value in the relevant period; and
► We assessed whether the consolidated financial statements include disclosures in respect of revenue and the provisional pricing in accordance with the applicable IFRS (Notes 2.23, 4 and 5).
</td></tr>
</table>

Other information

The Board of Directors is responsible for the other information. The other information comprises the Management report, Corporate Governance report, Company Overview, Sustainability report and Letter from the Chairman but does not include the consolidated and parent company financial statements and our auditor's report thereon.

Our opinion on the consolidated and parent company financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and parent company financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and parent company financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and those charged with governance for the Consolidated and Parent Company Financial Statements

The Board of Directors is responsible for the preparation of consolidated and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as issued by the IASB and also as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and parent company financial statements, the Board of Directors is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and parent company financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and parent company financial statements, including the disclosures, and whether the consolidated and parent company financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and parent company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, the Management report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and the information given is consistent with the consolidated and parent company financial statements.
- In light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the management report. We have nothing to report in this respect.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

The engagement partner on the audit resulting in this independent auditor's report is Stavros Pantzaris.

Stavros Pantzaris
Certified Public Accountant and Registered Auditor

for and on behalf of

Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors

Nicosia
6 April 2020

Consolidated and Company Statements of Comprehensive Income — For the year ended 31 December 2019

(Euro 000's)	Note	The Group 2019	The Company 2019	The Group 2018	The Company 2018
Revenue	5	**187,868**	**1,283**	189,476	1,323
Operating costs and mine site administrative expenses		**(115,325)**	**-**	(128,707)	-
Mine site depreciation, amortisation and impairment	13,14	**(23,025)**	**-**	(13,430)	-
Gross profit		**49,518**	**1,283**	47,339	1,323
Administration and other expenses		**(6,718)**	**(1,540)**	(5,867)	(4,370)
Share based benefits	23	**(619)**	**-**	(216)	(10)
Exploration expenses		**(3,588)**	**-**	(1,021)	-
Impairment loss on other receivables		**(1,694)**	**(1,694)**	-	-
Care and maintenance expenditure		**(373)**	**-**	(281)	-
Operating profit/(loss)	7	**36,526**	**(1,951)**	39,954	(3,057)
Other income	6	**88**	**124**	158	117
Net foreign exchange gain/(loss)	4	**350**	**(3)**	1,613	40
Interest income from financial assets at fair value	9	**-**	**13,607**	-	13,615
Interest income from financial assets at amortised cost	9	**52**	**3,223**	71	2,569
Finance costs	10	**(89)**	**-**	(253)	-
Profit before tax		**36,927**	**15,000**	41,543	13,284
Tax	11	**(6,207)**	**(878)**	(7,102)	(1,524)
Profit for the year		**30,720**	**14,122**	34,441	11,760
Profit for the year attributable to:					
— Owners of the parent		**37,323**	**14,122**	34,715	11,760
— Non-controlling interests		**(6,603)**	**-**	(274)	-
		30,720	**14,122**	34,441	11,760
Earnings per share from operations attributable to equity holders of the parent during the year:					
Basic earnings per share (EUR cents per share)	12	**27.2**		25.4	
Diluted earnings per share (EUR cents per share)	12	**26.8**		25.1	
Profit for the year		**30,720**	**14,122**	34,441	11,760
Other comprehensive income:					
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):					
Change in fair value of financial assets through other comprehensive income 'OCI'	20	**(29)**	**(29)**	(58)	(58)
Total comprehensive profit for the year		**30,691**	**14,093**	34,383	11,702
Total comprehensive profit for the year attributable to:					
— Owners of the parent		**37,294**	**14,093**	34,657	11,702
— Non-controlling interests		**(6,603)**	**-**	(274)	-
		30,691	**14,093**	34,383	11,702

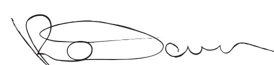
The notes on pages 85 to 140 are an integral part of these consolidated and Company financial statements.

Consolidated and Company Statements of Financial Position — As at 31 December 2019

(Euro 000's)	Note	The Group 2019	The Company 2019	The Group 2018	The Company 2018
ASSETS					
Non-current assets					
Property, plant and equipment	13	**307,815**	**-**	257,376	-
Intangible assets	14	**63,085**	**-**	71,951	-
Investment in subsidiaries	15	**-**	**4,630**	-	3,899
Trade and other receivables	19	**500**	**310,002**	249	290,104
Non-current financial asset	20	**1,101**	**-**	-	-
Deferred tax asset	17	**6,576**	**-**	7,927	-
		379,077	**314,632**	337,503	294,003
Current assets					
Inventories	18	**21,330**	**-**	10,822	-
Trade and other receivables	19	**32,857**	**4,043**	23,688	6,689
Tax refundable		**1,924**	**-**	-	-
Other financial assets	20	**42**	**42**	71	71
Cash and cash equivalents	21	**8,077**	**128**	33,070	826
		64,230	**4,213**	67,651	7,586
Total assets		**443,307**	**318,845**	405,154	301,589
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	22	**13,372**	**13,372**	13,372	13,372
Share premium	22	**314,319**	**314,319**	314,319	314,319
Other reserves	23	**22,836**	**6,435**	12,791	5,845
Accumulated losses		**(30,669)**	**(36,535)**	(58,308)	(50,657)
		319,858	**297,591**	282,174	282,879
Non-controlling interests	24	**(2,402)**	**-**	4,200	-
Total equity		**317,456**	**297,591**	286,374	282,879
Liabilities					
Non-current liabilities					
Trade and other payables	25	**13**	**-**	45	-
Provisions	26	**6,941**	**-**	6,519	-
Leases	27	**5,265**	**-**	-	-
Deferred consideration	28	**53,000**	**9,117**	53,000	9,117
		65,219	**9,117**	59,564	9,117
Current liabilities					
Trade and other payables	25	**57,537**	**10,272**	57,271	8,069
Leases	27	**588**	**-**	-	-
Current tax liabilities	11	**2,507**	**1,865**	1,945	1,524
		60,632	**12,137**	59,216	9,593
Total liabilities		**125,851**	**21,254**	118,780	18,710
Total equity and liabilities		**443,307**	**318,845**	405,154	301,589

The notes on pages 85 to 140 are an integral part of these consolidated and company financial statements.

The consolidated and company financial statements were authorised for issue by the Board of Directors on 6 April 2020 and were signed on its behalf.



Roger Davey
Chairman

Alberto Lavandeira
Managing Director

Consolidated Statement of Changes in Equity

— For the year ended 31 December 2019

		Attributable to owners of the parent						
(Euro 000's)	Note	Share capital	Share Premium[2]	Other reserves[1]	Accumulated losses	Total	Non-controlling interest	Total equity
At 1 January 2018		13,192	309,577	6,137	(86,527)	242,379	4,474	246,853
Profit for the year		-	-	-	34,715	34,715	(274)	34,441
Change in fair value of financial assets through OCI	20	-	-	(58)	-	(58)	-	(58)
Total comprehensive income		-	-	(58)	34,715	34,657	(274)	34,383
Transactions with owners								
Issue of share capital	22	180	4,747	-	-	4,927	-	4,927
Share issue costs	22	-	(5)	-	-	(5)	-	(5)
Depletion factor	23	-	-	5,050	(5,050)	-	-	-
Recognition of share-based payments	23	-	-	216	-	216	-	216
Recognition of non-distributable reserve	23	-	-	1,446	(1,446)	-	-	-
At 31 December 2018/ 1 January 2019		**13,372**	**314,319**	**12,791**	**(58,308)**	**282,174**	**4,200**	**286,374**
Profit for the year		**-**	**-**		**37,323**	**37,323**	**(6,602)**	**30,721**
Change in fair value of financial assets through OCI	20	**-**	**-**	**(29)**	**-**	**(29)**	**-**	**(29)**
Total comprehensive income		**-**	**-**	**(29)**	**37,323**	**37,294**	**(6,602)**	**30,692**
Transactions with owners								
Depletion factor	23	**-**	**-**	**5,378**	**(5,378)**	**-**	**-**	**-**
Recognition of share-based payments	23	**-**	**-**	**619**	**-**	**619**	**-**	**619**
Recognition of non-distributable reserve	23	**-**	**-**	**1,984**	**(1,984)**	**-**	**-**	**-**
Recognition of distributable reserve	23	**-**	**-**	**1,844**	**(1,844)**	**-**	**-**	**-**
Other changes in equity	23	**-**	**-**	**249**	**(478)**	**(229)**	**-**	**(229)**
At 31 December 2019		**13,372**	**314,319**	**22,836**	**(30,669)**	**319,858**	**(2,402)**	**317,456**

(1) Refer to Note 23

(2) The share premium reserve is not available for distribution.

The notes on pages 85 to 140 are an integral part of these consolidated and company financial statements.

Company Statement of Changes in Equity

— For the year ended 31 December 2019

(Euro 000's)	Note	Share capital	Share premium(2)	Other reserves(1)	Accumulated losses	Total
At 1 January 2018		13,192	309,577	5,687	(62,417)	266,039
Profit for the year		-	-	-	11,760	11,760
Change in fair value of financial assets through OCI	20	-	-	(58)	-	(58)
Total comprehensive income		-	-	(58)	11,760	11,702
Issue of share capital	22	180	4,747	-	-	4,927
Share issue costs	22	-	(5)	-	-	(5)
Recognition of share-based payments	23	-	-	216	-	216
At 31 December 2018/1 January 2019		**13,372**	**314,319**	**5,845**	**(50,657)**	**282,879**
Profit for the year		**-**	**-**	**-**	**14,122**	**14,122**
Change in fair value of financial assets through OCI	20	**-**	**-**	**(29)**	**-**	**(29)**
Total comprehensive income		**-**	**-**	**(29)**	**14,122**	**14,093**
Recognition of share-based payments	23	**-**	**-**	**619**	**-**	**619**
At 31 December 2019		**13,372**	**314,319**	**6,435**	**(36,535)**	**297,591**

(1) Refer to Note 23

(2) The share premium reserve is not available for distribution.

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 17% will be payable on such deemed dividends to the extent that the ultimate shareholders are both Cyprus tax resident and Cyprus domiciled. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

The notes on pages 85 to 140 are an integral part of these consolidated and company financial statements.

Consolidated Statement of Cash Flows

— For the year ended 31 December 2019

(Euro 000's)	Note	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**36,927**	41,543
Adjustments for:			
Depreciation of property, plant and equipment	13	**12,575**	10,143
Amortisation of intangible assets	14	**3,502**	3,287
Impairment of intangibles	14	**6,948**	-
Recognition of share based payments	23	**619**	216
Interest income	9	**(52)**	(71)
Interest expense	10	**41**	214
Unwinding of discounting	10	**40**	39
Legal provisions	26	**261**	(86)
Release of prior year provision	6	**-**	(117)
Impairment loss on other receivables	19	**1,694**	-
Rehabilitation provision		**(18)**	-
Loss on disposal of intangibles		**-**	955
Unrealised foreign exchange loss on financing activities		**2**	179
CASH INFLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES		**62,539**	56,302
Changes in working capital:			
Inventories	18	**(10,508)**	2,852
Trade and other receivables	19	**(9,911)**	11,697
Trade and other payables	25	**1,159**	(10,334)
Deferred consideration		**-**	17
Cash flows from operations		**43,279**	60,534
Interest expense on lease liabilities	27	**(8)**	-
Interest paid		**(41)**	(214)
Tax paid		**(5,296)**	(4,987)
Net cash from operating activities		**37,934**	55,333
Cash flows from investing activities			
Purchases of property, plant and equipment	13	**(56,453)**	(63,216)
Purchases of intangible assets	14	**(5,449)**	(2,492)
Acquisition of other financial assets	20	**(501)**	-
Disposal of subsidiary	15	**-**	(75)
Interest received	9	**52**	71
Net cash used in investing activities		**(62,351)**	(65,712)
Cash flows from financing activities			
Lease payment	27	**(576)**	-
Proceeds from issue of share capital		**-**	598
Listing and issue costs	22	**-**	(5)
Net cash from financing activities		**(576)**	593
Net (decrease) / increase in cash and cash equivalents		**(24,993)**	(9,786)
Cash and cash equivalents:			
At beginning of the year	21	**33,070**	42,856
At end of the year	21	**8,077**	33,070

The notes on pages 85 to 140 are an integral part of these consolidated and Company financial statements.

Company Statement of Cash Flows

— For the year ended 31 December 2019

(Euro 000's)	Note	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		**15,000**	13,284
Adjustments for:			
Share based payments		**-**	10
Interest income	9	**(25)**	(63)
Interest income from interest-bearing intercompany loans	9	**(16,805)**	(16,121)
Impairment loss on other receivables		**-**	-
Release of prior year provision	6	**-**	(117)
Unrealised foreign exchange loss on financing activities		**-**	209
CASH INFLOWS USED IN OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES		**(1,830)**	(2,798)
Changes in working capital:			
Increase in trade and other receivables	19	**(17,252)**	(53,969)
Increase in trade and other payables	25	**2,204**	2,077
Cash flows used in operations		**(16,878)**	(54,690)
Tax paid		**(537)**	-
Net cash used in operating activities		**(17,415)**	(54,690)
Cash flows from investing activities			
Interest received	9	**25**	63
Investment in subsidiaries		**(113)**	-
Interest income from interest-bearing intercompany loans	9	**16,805**	16,121
Net cash from investing activities		**16,717**	16,184
Cash flows from financing activities			
Proceeds from issue of share capital	22	**-**	4,927
Listing and issue costs	22	**-**	(5)
Net cash from financing activities		**-**	4,922
Net (decrease)/increase in cash and cash equivalents		**(698)**	(33,584)
Cash and cash equivalents:			
At beginning of the year	21	**826**	34,410
At end of the year	21	**128**	826

The notes on pages 85 to 140 are an integral part of these consolidated and company financial statements.

Notes to the Consolidated and Company Financial Statements — Year ended 31 December 2019

1. Incorporation and summary of business

— Country of incorporation

Atalaya Mining Plc (the "Company") was incorporated in Cyprus on 17 September 2004 as a private company with limited liability under the Companies Law, Cap. 113 and was converted to a public limited liability company on 26 January 2005. Its registered office is at 1 Lampousa Street, Nicosia, Cyprus.

The Company was listed on AIM of the London Stock Exchange in May 2005 under the symbol ATYM and on the TSX on 20 December 2010 under the symbol AYM. The Company continued to be listed on AIM and the TSX as at 31 December 2019.

Additional information about Atalaya Mining Plc is available at www.atalayamining.com as per requirement of AIM rule 26.

— Changed on name and share consolidation

Following the Company's EGM on 13 October 2015, the change of the name EMED Mining Public Limited to Atalaya Mining Plc became effective on 21 October 2015. On the same day, the consolidation of ordinary shares came into effect, whereby all shareholders received one new ordinary share of nominal value £0.075 for every 30 existing ordinary shares of nominal value of £0.0025.

— Principal activities

The Company owns and operates through a wholly owned subsidiary, "Proyecto Riotinto", an open-pit copper mine located in the Pyritic belt, in the Andalusia region of Spain, approximately 65 km northwest of Seville.

Atalaya also owns 10% of Proyecto Touro, a brownfield copper project in northwest Spain.

In November 2019, Atalaya executed the option to acquired 12.5% of Explotaciones Gallegas del Cobre, S.L. the exploration property around Touro, with known additional reserves, which will provide high potential to the Proyecto Touro.

The Company's and its subsidiaries' activity are to explore for and develop metals production operations in Europe, with an initial focus on copper.

The strategy is to evaluate and prioritise metal production opportunities in several jurisdictions throughout the well-known belts of base and precious metal mineralisation in Spain and the Eastern European region.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and company financial statements (hereinafter "financial statements") are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

(a) Overview

The financial statements of Atalaya Mining Plc have been prepared in accordance with International Financial Reporting Standards ("IFRS"). IFRS comprise the standards issued by the International Accounting Standards Board ("IASB").

The financial statements are presented in € and all values are rounded to the nearest thousand (€'000), except where otherwise indicated.

Additionally, the financial statements have also been prepared in accordance with the IFRS as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap.113. For the year ending 31 December 2019, the standards applicable for IFRS's as adopted by the EU are aligned with the IFRS's as issued by the IASB.

The consolidated financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments that are measured at fair value at the end of each reporting period, as explained below and in note 3.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.4.

(b) Going concern

On 11 March 2020, the World Health Organisation declared the Coronavirus COVID- 19 outbreak to be a pandemic in recognition of its rapid spread across the globe. Many governments are taking increasingly stringent steps to help contain, and in many jurisdictions, now delay, the spread of the virus, including: requiring self-isolation/ quarantine by those potentially affected, implementing social distancing measures, and controlling or closing borders and "locking-down" cities/regions or even entire countries.

The crisis and the actions taken by governments have resulted in significant disruption to business operations, consumption patterns worldwide, equity markets and significant volatility in commodities prices, including copper, which prices declined below Company's ASIC level during March 2020.

Furthermore, in Spain, where the Company has its single producing asset, the Government issued a Royal Decree on 14 March 2020 to declare the nationwide lockdown to reduce the impact of the COVID-19 pandemic. On 29 March 2020, the Spanish Government issued a new Royal Decree implementing enhanced measures to protect the people from the virus. The new Decree stipulated that only employees from a short list of essential industries are allowed to continue working from 30 March 2020. Mining was excluded as an essential industry and consequently the Proyecto Riotinto site was required to halt its operations for a short period until 3 April 2020 when mining operations were permitted to restart.

The significant impact on copper prices and the stoppage of Proyecto Riontinto as a result of the Royal Decree will impact the revenues for the year ended 31 December 2020. The uncertain surrounding future copper prices and if Proyecto Riotinto will be required to be halted again for a longer period makes difficult to determine and quantify the operational and financial impact there may be on the business going forward.

The Directors have considered and debated different possible scenarios on the Company's operations, financial position and forecast for a period of at least 12 months since the approval of these financial statements. Possible scenarios range from (i) further disruption in Proyecto Riotinto; (ii) market volatility in commodity prices; and (iii) availability of existing credit facilities.

The Company has increased its cash balance from €8.0 million as at 31 December 2019 to €41.7 million as at 31 March 2020 by drawing down on existing credit facilities (see Note 34).

The Directors, after reviewing these scenarios, the current cash resources, forecasts and budgets, timing of cash flows, borrowing facilities, sensitivity analyses and considering the associated uncertainties to the Group's operations have a reasonable expectation that the Company has adequate resources to continue operating in the foreseeable future.

Accordingly, these financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Group and the Company will realise its assets and discharge its liabilities in the normal course of business. Management has carried out an assessment of the going concern assumption and has concluded that the Group and the Company will generate sufficient cash and cash equivalents to continue operating for the next twelve months (see Note 34).

2.2 Changes in accounting policy and disclosures

The Group has adopted all the new and revised IFRSs and International Accounting Standards (IASs) which are relevant to its operations and are effective for accounting periods commencing on 1 January 2019.

The Group applied IFRS 16 and IFRIC 23 for the first time from 1 January 2019. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Several other amendments and interpretations apply for the first time in 2019, but do not have a significant impact on the consolidated financial statements of the Group. The Group

has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 16 – Leases

The Group has adopted all of the requirements of IFRS 16 Leases ('IFRS 16') effective 1 January 2019 (initial application). IFRS 16 supersedes IAS 17 Leases ('IAS 17'). IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported in terms of IAS 17 and IFRIC 4: Determining Whether an Arrangement Contains a Lease. The Group has applied the modified retrospective approach whereby the right of use asset was set equal to the finance lease liability with no impact on retained earnings on 1 January 2019.The Group elected to use the "transition practical expedient" allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. As a result, the Group has changed its accounting policy for leases as detailed in the accounting policies (Note 2.2)

Impact of adopting IFRS 16 on the Group's consolidated financial statements

The following table summarises the impact of adopting IFRS 16 on the Group's extracted consolidated statement of financial position at 1 January 2019:

a) Comparative accounting policy in terms of IAS 17

In terms of IAS 17, the Group was required to classify its leases as either finance leases or operating leases and account for those two types of leases differently (both as a lessor or a lessee). A lease was classified as a finance lease if it transferred substantially all the risks and rewards incidental to ownership. A lease was classified as an operating lease if all the risks and rewards incidental to ownership did not substantially transfer.

Finance leases were recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor was included in the statement of financial position as a finance lease obligation. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease. The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

Operating lease payments, in the event of the Group operating as lessee, were recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments were recognised as an operating lease asset. The liability was not discounted.

b) Accounting policy in terms of IFRS 16

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset

(Euro 000's)	Note	As previously reported 31 December 2018	Adjustments as at 1 January 2019	Balance as at 1 January 2019
Non-current assets				
Property, plant and equipment	13	257,376	6,144	263,520
Deferred tax asset		7,927	-	7,927
Equity and liabilities				
Accumulated losses		(58,308)	-	(58,308)
Non-current liabilities				
Leases	27	-	5,609	5,609
Current liabilities				
Leases	27	-	534	534

is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Subsequent to initial measurement, the right-of-use assets are depreciated from the commencement date using the straight-line method over the shorter of the estimated useful lives of the right-of-use assets or the end of lease term. These are as follows:

Right-of-use asset	Depreciation terms in years
Land	Based on Units of Production (UOP)
Motor vehicles	Based on straight line depreciation
Laboratory equipment	Based on straight line depreciation

After the commencement date, the right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. Lease payments included in the measurement of the lease liability include the following:

- Fixed payments, less any lease incentives receivable
- Variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- Lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option
- Payments of penalties for early terminating the lease, unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest rate method. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. The result of this re-measurement is disclosed in a line of the right-of-use assets note as modifications.

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

Assets	€'000
Operating lease commitments as at 31 December 2018	6,803
Weighted average incremental borrowing rate as at 1 January 2019	1.50%
Discounted operating lease commitments as at 1 January 2019	6,144
Lease liabilities as at 1 January 2019	6,144

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded as profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below €5,000). Lease

payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms of three to five years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy). The Group included the renewal period as part of the lease term for leases of plant and machinery due to the significance of these assets to its operations. These leases have a short non-cancellable period (i.e., three to five years) and there will be a significant negative effect on production if a replacement is not readily available. The renewal options for leases of motor vehicles were not included as part of the lease term because the Group has a policy of leasing motor vehicles for not more than five years and hence not exercising any renewal options.

c) Amounts recognised in the statement of financial position and profit or loss

Set out below are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period:

The amounts recognised in profit or loss, are set out below:

(Euro 000's)	Twelve month ended 31 Dec 2019	Twelve month ended 31 Dec 2018
As at 31 December		
Depreciation expense of right-of-use assets	**(391)**	-
Interest expense on lease liabilities	**(8)**	-
Total amounts recognised in profit or loss	**(399)**	**-**

The Group recognised rent expense from short-term leases.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates

	Right – of-use assets				
(Euro 000's)	Land	Vehicles	Laboratory equipment	Total	Lease liabilities
As at 1 January 2019	**6,085**	**59**	**-**	**6,144**	**6,144**
Additions	-	-	277	277	277
Depreciation expense	(335)	(15)	(40)	(390)	-
Interest expense	-	-	-	-	8
Payments	-	-	-	-	(576)
As at 31 December 2019	**5,750**	**44**	**237**	**6,031**	**5,853**

- How an entity considers changes in facts and circumstances

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a complex multinational environment, it assessed whether the Interpretation had an impact on its consolidated financial statements.

Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Company's and the subsidiaries' tax filings in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Group determined, based on its tax compliance and transfer pricing study, that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The Interpretation did not have an impact on the consolidated financial statements of the Group.

Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments had no impact on the consolidated financial statements of the Group.

IAS 28: Long-term Interests in Associates and Joint Ventures (Amendments)

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

These amendments had no impact on the consolidated financial statements as the Group does not have long term interests in its associate and joint venture.

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset). The amendments had no impact on the consolidated financial statements of the Group as it did not have any plan amendments, curtailments, or settlements during the period.

Annual Improvements 2015-2017 Cycle

- **IFRS 3 Business Combinations**. The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation. An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments had no impact on the consolidated financial statements of the Group as there is no transaction where joint control is obtained.
- **IAS 12 Income Taxes**. The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated

distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognised those past transactions or events. An entity applies the amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. When the entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. Since the Group's current practice is in line with these amendments, they had no impact on the consolidated financial statements of the Group.

- **IAS 23 Borrowing Costs**. The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete. The entity applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. Since the Group's current practice is in line with these amendments, they had no impact on the consolidated financial statements of the Group.

2.2.1 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the financial statements are disclosed below. Some of them were adopted by the European Union and others not yet. The Group and the Company intend to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely, but an entity that early adopts the amendments must apply them prospectively. The amendments have not yet been endorsed by the EU. The Group will apply these amendments when they become effective.

IFRS 3: Business Combinations (amendments)

The IASB issued amendments in Definition of a Business (amendments to IFRS 3) aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. These amendments are effective for business combinations for which the acquisition date is in the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period, with earlier application permitted. These Amendments have not yet been endorsed by the EU. The Group does not expect these amendments to have a material impact on its profit and financial position.

IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of 'material' (amendments)

The amendments are effective for annual periods beginning on or after 1 January 2020 with earlier application permitted. They clarify the definition of material and how it should be applied. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'. In addition, the explanations accompanying the definition have been improved. The amendments also ensure that the definition of material is consistent across all IFRS Standards. The Group does not expect these amendments to have a material impact on its profit and financial position.

Interest Rate Benchmark Reform - IFRS 9, IAS 39 and IFRS 7 (Amendments)

The amendments are effective for annual periods beginning on or after 1 January 2020 and must be applied retrospectively. Earlier application is permitted. In September 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7, which concludes phase one of its

work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting. Phase two will focus on issues that could affect financial reporting when an existing interest rate benchmark is replaced with a risk-free interest rate (an RFR). The amendments published, deal with issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative interest rate and address the implications for specific hedge accounting requirements in IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement, which require forward-looking analysis. The amendments provided temporary reliefs, applicable to all hedging relationships that are directly affected by the interest rate benchmark reform, which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate. There are also amendments to IFRS 7 Financial Instruments: Disclosures regarding additional disclosures around uncertainty arising from the interest rate benchmark reform. The Group does not expect these amendments to have a material impact on its profit and financial position.

IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 with earlier application permitted. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non-current. The amendments affect the presentation of liabilities in the statement of financial position and do not change existing requirements around measurement or timing of recognition of any asset, liability, income or expenses, nor the information that entities disclose about those items. Also, the amendments clarify the classification requirements for debt which may be settled by the company issuing own equity instruments. These Amendments have not yet been endorsed by the EU. The Group does not expect these amendments to have a material impact on its profit and financial position.

Conceptual Framework in IFRS standards

The IASB issued the revised Conceptual Framework for Financial Reporting on 29 March 2018. The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. IASB also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. Its objective is to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction. For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020. The Group and Company does not expect this framework to have a material impact on its results and financial position.

2.3 Consolidation

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of Atalaya Mining Plc and its subsidiaries.

(b) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group and the Company has control. Control exists when the Group is exposed, or has rights, to variable returns for its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control.

De-facto control may arise in circumstances where the size of the Group’s voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies, etc.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value'.

The main operating subsidiary of Atalaya Mining Plc is the 100% owned Atalaya Riotionto Minera, S.L.U. which operates "Proyecto Riotinto", in the historical site of Huelva, Spain.

The name and shareholding of the entities included in the Group in these financial statements are:

The Group applied the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the transferred assets, liabilities incurred by the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the acquisition date. The Group recognised any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionated share of the recognised amounts of acquiree's identifiable net assets.

(c) Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 in profit or loss.

Entity name	Business	% (2)	Country
Atalaya Mining, Plc	Holding	n/a	Cyprus
EMED Marketing Ltd.	Marketing	100%	Cyprus
EMED Mining Spain, S.L.	Dormant	100%	Spain
Atalaya Riotinto Minera, S.L.U.	Operating	100%	Spain
Recursos Cuenca Minera, S.L.	Operating	50%	Spain
Atalaya Minasderiotinto Project (UK), Ltd.	Holding	100%	United Kingdom
Eastern Mediterranean Exploration & Development, S.L.U.	Operating	100%	Spain
Atalaya Touro (UK), Ltd.	Holding	100%	United Kingdom
Fundación Atalaya Riotinto	Trust	100%	Spain
Cobre San Rafael, S.L. (1)	Development	10%	Spain
Atalaya Servicios Mineros, S.L.U.	Dormant	100%	Spain

Notes:

(1) Cobre San Rafael, S.L. is the entity which holds the mining rights of the Proyecto Touro. The Group has control in the management of Cobre San Rafael, S.L., including one of the two Directors, management of the financial books and the capacity to appoint the key personnel. Refer to Note 31 for details on the acquisition of Cobre San Rafael, S.L.

(2) The effective proportion of shares held as at 31 December 2019 and 2018 remained unchanged.

Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Gains and losses resulting from intercompany transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(e) Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(f) Associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee (generally accompanying a shareholding of between 20% and 50% of the voting rights) but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Investments in associates or joint ventures are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates or joint ventures includes goodwill identified on acquisition.

If the ownership interest in an associate or joint venture is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income, with a corresponding adjustment to the carrying amount of the investment. When the Group share of losses in an associate or a joint venture equals or exceeds its interest in the associate or joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or the joint venture.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or the joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or the joint venture and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of associates' or joint ventures' in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the associates or the joint ventures. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates or joint ventures are recognised in the income statement.

(g) Functional currency

Functional and presentation currency items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic

environment in which the entity operates ('the functional currency'). The financial statements are presented in Euro which is the Group and the Company functional and presentation currency.

Determination of functional currency may involve certain judgements to determine the primary economic environment and the parent entity reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

Foreign currency transactions are translated into the functional currency using the spot exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the income statement.

Monetary assets and liabilities denominated in foreign currencies are updated at year-end spot exchange rates.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Gains or losses of monetary and non-monetary items are recognised in the income statement.

Balance sheet items are translated at period-end exchange rates. Exchange differences on translation of the net assets of such entities are taken to equity and recorded in a separate currency translation reserve.

2.4 Investments in subsidiary companies

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

2.5 Interest in joint arrangements

A joint arrangement is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control that is when the strategic, financial and operating policy decisions relating to the activities the joint arrangement require the unanimous consent of the parties sharing control.

Where a Group entity undertakes its activities under joint arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other ventures are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint arrangement expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured reliably.

The Group undertakes joint arrangements that involve the establishment of a separate entity in which each acquiree has an interest (jointly controlled entity). The Group reports its interests in jointly controlled entities using the equity method of accounting.

Where the Group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint arrangement.

2.6 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the CEO who makes strategic decisions.

The Group has only one distinct business segment, being that of mining operations, mineral exploration and development.

2.7 Inventory

Inventory consists of copper concentrates, ore stockpiles and metal in circuit and spare parts. Inventory is physically measured or estimated and valued at the lower of cost or net realisable value. Net realisable value is the estimated future sales price of the product the entity expects to realise when the product is processed and sold, less estimated costs to complete production and bring the product to sale. Where the time value of money is material, these future prices and costs to complete are discounted.

Cost is determined by using the FIFO method and comprises direct purchase costs and an appropriate portion of fixed and variable overhead costs, including depreciation and amortisation, incurred in converting materials into

finished goods, based on the normal production capacity. The cost of production is allocated to joint products using a ratio of spot prices by volume at each month end. Separately identifiable costs of conversion of each metal are specifically allocated.

Materials and supplies are valued at the lower of cost or net realisable value. Any provision for obsolescence is determined by reference to specific items of stock. A regular review is undertaken to determine the extent of any provision for obsolescence.

2.8 Assets under construction

All subsequent expenditure on the construction, installation or completion of infrastructure facilities including mine plants and other necessary works for mining, are capitalised in “Assets under Construction”. Any costs incurred in testing the assets to determine if they are functioning as intended, are capitalised, net of any proceeds received from selling any product produced while testing. Where these proceeds exceed the cost of testing, any excess is recognised in the statement of profit or loss and other comprehensive income. After production starts, all assets included in “Assets under Construction” are then transferred to the relevant asset categories.

Once a project has been established as commercially viable, related development expenditure is capitalised. A development decision is made based upon consideration of project economics, including future metal prices, reserves and resources, and estimated operating and capital costs. Capitalisation of costs incurred and proceeds received during the development phase ceases when the property is capable of operating at levels intended by management.

Capitalisation ceases when the mine is capable of commercial production, with the exception of development costs which give rise to a future benefit.

Pre-commissioning sales are offset against the cost of assets under construction. No depreciation is recognised until the assets are substantially complete and ready for productive use.

2.9 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Subsequent costs are included in the assets’ carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Property, plant and equipment are depreciated to their estimated residual value over the estimated useful life of the specific asset concerned, or the estimated remaining life of the associated mine (“LOM”), field or lease. Depreciation commences when the asset is available for use.

The major categories of property, plant and equipment are depreciated/amortised on a Unit of Production (“UOP”) and/or straight-line basis as follows:

- **Buildings** .... UOP
- **Mineral rights** .... UOP
- **Deferred mining costs** .... UOP
- **Plant and machinery** .... UOP
- **Motor vehicles** .... 5 years
- **Furniture/fixtures/office equipment** .... 5-10 years

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within “Other (losses)/gains – net” in the income statement.

(a) Mineral rights

Mineral reserves and resources which can be reasonably valued are recognised in the assessment of fair values on acquisition. Mineral rights for which values cannot be reasonably determined are not recognised. Exploitable mineral rights are amortised using the UOP basis over the commercially recoverable reserves and, in certain circumstances, other mineral resources. Mineral resources are included in amortisation calculations where there is a high degree of confidence that they will be extracted in an economic manner.

(b) Deferred mining costs – stripping costs

Mainly comprises of certain capitalised costs related to pre-production and in-production stripping activities as outlined below.

Stripping costs incurred in the development phase of a mine (or pit) before production commences are capitalised as part of the cost of constructing the mine (or pit) and subsequently amortised over the life of the mine (or pit) on a UOP basis.

In-production stripping costs related to accessing an identifiable component of the ore body to realise benefits in the form of improved access to ore to be mined in the future (stripping activity asset), are capitalised within deferred mining costs provided all the following conditions are met:

i. it is probable that the future economic benefit associated with the stripping activity will be realised;

ii. the component of the ore body for which access has been improved can be identified and;

iii. the costs relating to the stripping activity associated with the improved access can be reliably measured.

If all of the criteria are not met, the production stripping costs are charged to the consolidated statement of income as they are incurred.

The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of ore, plus an allocation of directly attributable overhead costs.

(c) Exploration costs

Under the Group's accounting policy, exploration expenditure is not capitalised until the management determines a property will be developed and point is reached at which there is a high degree of confidence in the project's viability and it is considered probable that future economic benefits will flow to the Group. A development decision is made based upon consideration of project economics, including future metal prices, reserves and resources, and estimated operating and capital costs.

Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped project. If a project does not prove viable, all irrecoverable costs associated with the project net of any related impairment provisions are written off.

(d) Major maintenance and repairs

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets and overhaul costs. Where an asset, or part of an asset, that was separately depreciated and is now written off is replaced, and it is probable that future economic benefits associated with the item will flow to the Group through an extended life, the expenditure is capitalised.

Where part of the asset was not separately considered as a component and therefore not depreciated separately, the replacement value is used to estimate the carrying amount of the replaced asset(s) which is immediately written off. All other day-to-day maintenance and repairs costs are expensed as incurred.

(e) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale (a qualifying asset) are capitalised as part of the cost of the respective asset. Where funds are borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred.

(f) Restoration, rehabilitation and decommissioning

Restoration, rehabilitation and decommissioning costs arising from the installation of plant and other site preparation work, discounted using a risk adjusted discount rate to their net present value, are provided for and capitalised at the time such an obligation arises.

The costs are charged to the consolidated statement of income over the life of the operation through depreciation of the asset and the unwinding of the discount on the provision. Costs for restoration of subsequent site disturbance, which are created on an ongoing basis during production, are provided for at their net present values and charged to the consolidated statement of income as extraction progresses.

Changes in the estimated timing of the rehabilitation or changes to the estimated future costs are accounted for prospectively by recognising an adjustment to the rehabilitation liability and a corresponding adjustment to the asset to which it relates, provided the reduction in the provision is not greater than the depreciated capitalised cost of the related asset, in which case the capitalised cost is reduced to zero and the remaining adjustment recognised in the consolidated statement of income. In the case of closed sites, changes to estimated costs are recognised immediately in the consolidated statement of income.

2.10 Intangible assets

(a) Business combination and goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the acquired interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

The results of businesses acquired during the year are brought into the consolidated financial statements from the effective date of acquisition. The identifiable assets, liabilities and contingent liabilities of a business which can be measured reliably are recorded at their provisional fair values at the date of acquisition. Provisional fair values are finalised within 12 months of the acquisition date. Acquisition-related costs are expensed as incurred.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Permits

Permits are capitalised as intangible assets which relate to projects that are at the pre-development stage. No amortisation charge is recognised in respect of these intangible assets. Once the Group receives those permits, the intangible assets relating to permits will be depreciated on a UOP basis.

Other intangible assets include computer software.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation (calculated on a straight-line basis over their useful lives) and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated and company statements of comprehensive income when the asset is derecognised.

2.11 Impairment of non-financial assets

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready to use – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.12 Financial assets and liabilities

2.12.1 Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured at amortised cost.
- those to be measured subsequently at fair value through OCI, and.
- those to be measured subsequently at fair value through profit or loss.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest' ('SPPI') on the principal amount

outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

2.12.2 Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses.

Impairment losses are presented as separate line item in the statement of profit or loss.

The Group's financial assets at amortised cost include receivables (other than trade receivables which are measured at fair value through profit and loss) and cash and cash equivalents.

The Company´s financial assets at amortised cost include current and non-current receivables (other than trade receivables which are measured at fair value through profit and loss) and cash and cash equivalents.

2.12.3 Fair value through other comprehensive income

Financial assets which are debt instruments, that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

At transition to IFRS 9, the Group had certain financial asset that were accounted for as debt instruments at fair value through other comprehensive income; however, at the reporting date, no such assets existed.

2.12.4 Equity instruments designated as fair value through other comprehensive income

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the consolidated and company statements of comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its listed equity investments under this category.

2.12.5 Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised as profit or loss and presented net within other gains/(losses) in the period in which it arises.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the consolidated and company statements of comprehensive income as applicable.

2.12.6 De-recognition of financial assets

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2.12.7 Impairment of financial assets

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For receivables (other than trade receivables which are measured at FVPL), the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2.13 Current versus Non-current Classification

The Group presents assets and liabilities in the consolidated and company statements of financial position based on current/non-current classification.

(a) An asset is current when it is either:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within 12 months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period

All other assets are classified as non-current.

(b) A liability is current when either:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading
- It is due to be settled within 12 months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.14 Cash and cash equivalents

In the consolidated and company statements of cash flows, cash and cash equivalents includes cash in hand and in bank including deposits held at call with banks, with a maturity of less than 3 months.

2.15 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

2.16 Interest-bearing loans and borrowings

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of

obligations may be small. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings, using the effective interest method, unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment and amortised over the period of the facility to which it relates.

Borrowing costs are interest and other costs that the Group incurs in connection with the borrowing of funds, including interest on borrowings, amortisation of discounts or premium relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, finance lease charges and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset, when it is probable that they will result in future economic benefits to the Group and the costs can be measured reliably.

Financial liabilities and trade payables

After initial recognition, interest-bearing loans and borrowings and trade and other payables are subsequently measured at amortised cost using the EIR method.
Gains and losses are recognised in the consolidated and company statements of comprehensive income when the liabilities are derecognised, as well as through the EIR amortisation process.

Amortised cost is calculated by taking any discount or premium on acquisition and fees or costs that are an integral part of the EIR, into account. The EIR amortisation is included as finance costs in the consolidated and company statements of comprehensive income.

2.17 Deferred consideration

Deferred consideration arises when settlement of all or any part of the cost of an agreement is deferred. It is stated at fair value at the date of recognition, which is determined by discounting the amount due to present value at that date. Interest is imputed on the fair value of non-interest bearing deferred consideration at the discount rate and expensed within interest pay able and similar charges. At each balance sheet date deferred consideration comprises the remaining deferred consideration valued at acquisition plus interest imputed on such amounts from recognition to the balance sheet date.

2.18 Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds in the share premium account.

2.19 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts

in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is also not recognised if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liabilities where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.20 Share-based payments

The Group operates a share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The fair value is measured using the Black Scholes pricing model. The inputs used in the model are based on management's best estimates for the effects of non-transferability, exercise restrictions and behavioural considerations. Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest.

Vesting conditions are: (i) the personnel should be an employee that provides services to the Group; and (ii) should be in continuous employment for the whole vesting period of 3 years. Specific arrangements may exist with senior managers and board members, whereby their options stay in use until the end.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied (Note 23).

2.21 Rehabilitation provisions

The Group records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites and restoration, reclamation and re-vegetation of affected areas. The obligation generally arises when the asset is installed, or the ground/environment is disturbed at the production location. When the liability is initially recognised, the present value of the estimated cost is capitalised by increasing the carrying amount of the related mining assets to the extent that it was incurred prior to the production of related ore. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in the consolidated income statement as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognised as additions or charges to the corresponding assets and rehabilitation liability when they occur. For closed sites, changes to estimated costs are recognised immediately in the consolidated income statement.

The Group assesses its mine rehabilitation provision annually. Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes and changes in discount rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at the consolidated statement of financial position date represents management's best estimate of the present value of the future rehabilitation costs required.

2.22 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date including whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

a). There is a change in contractual terms, other than a renewal or extension of the arrangement;

b). A renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;

c). There is a change in the determination of whether fulfilment is dependent on a specified asset; or

d). There is a substantial change to the asset.

Group as a lessee

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2.23 Revenue recognition

(a) Revenue from contracts with customers

Atalaya is principally engaged in the business of producing copper concentrate and in some instances, provides freight/shipping services. Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which Atalaya expects to be entitled in exchange for those goods or services. Atalaya has concluded that it is the principal in its revenue contracts because it controls the goods or services before transferring them to the customer.

(b) Copper in concentrate (metal in concentrate) sales

For most copper in concentrate (metal in concentrate) sales, the enforceable contract is each purchase order, which is an individual, short-term contract. For the Group's metal in concentrate sales not sold under CIF Incoterms, the performance obligations are the delivery of the concentrate. A proportion of the Group's metal in concentrate sales are sold under CIF Incoterms, whereby the Group is also responsible for providing freight services. In these situations, the freight services also represent separate performance obligation (see paragraph (c) below).

The majority of the Group's sales of metal in concentrate allow for price adjustments based on the market price at the end of the relevant QP stipulated in the contract. These are referred to as provisional pricing arrangements and are such that the selling price for metal in concentrate is based on prevailing spot prices on a specified future date after shipment to the customer. Adjustments to the sales price occur based on movements in quoted market prices up to the end of the QP. The period between provisional invoicing and the end of the QP can be between one and three months.

Revenue is recognised when control passes to the customer, which occurs at a point in time when the metal in concentrate is physically transferred onto a vessel, train, conveyor or other delivery mechanism. The revenue is measured at the amount to which the Group expects to be entitled, being the estimate of the price expected to be received at the end of the QP, i.e., the forward price, and a corresponding trade receivable is recognised. For those arrangements subject to CIF shipping terms, a portion of the transaction price is allocated to the separate freight services provided (See paragraph (c) below).

For these provisional pricing arrangements, any future changes that occur over the QP are included within the provisionally priced trade receivables and are, therefore, within the scope of IFRS 9 and not within the scope of IFRS 15. Given the exposure to the commodity price, these provisionally priced trade receivables will fail the cash flow characteristics test within IFRS 9 and will be required to be measured at fair value through profit or loss up from initial recognition and until the date of settlement. These subsequent changes in fair value are recognised as part of revenue in the statement of profit or loss and other comprehensive income each period and disclosed separately from revenue from contracts with customers as part of 'Fair value gains/losses on provisionally priced trade receivables. Changes in fair value over, and until the end of, the QP, are estimated by reference to updated forward market prices for copper as well as taking other relevant fair value considerations as set out in IFRS 13, into account, including interest rate and credit risk adjustments.

Final settlement is based on quantities adjusted as required following the inspection of the product by the customer as well as applicable commodity prices. IFRS 15 requires that variable consideration should only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. As the adjustments relating to the final assay results for the quantity and quality of concentrate sold are not significant, they do not constrain the recognition of revenue.

(c) Freight services

As noted above, a proportion of the Group's metal in concentrate sales are sold under CIF Incoterms, whereby

the Group is responsible for providing freight services (as principal) after the date that the Group transfers control of the metal in concentrate to its customers. The Group, therefore, has separate performance obligation for freight services which are provided solely to facilitate sale of the commodities it produces.

The revenue from freight services is a separate performance obligation under IFRS 15 and therefore is recognised as the service is provided, hence at year end a portion of revenue must be deferred.

Other Incoterms commonly used by the Group are FOB, where the Group has no responsibility for freight or insurance once control of the products has passed at the loading port, Ex works where control of the goods passes when the product is picked up at seller´s promises, and CIP where control of the goods passes when the product is delivered to the agreed destination. For arrangements which have these Incoterms, the only performance obligations are the provision of the product at the point where control passes.

(d) Sales of services

The Group sells services in relation to maintenance of accounting records, management, technical, administrative support and other services to other companies. Revenue is recognised in the accounting period in which the services are rendered.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. The Group does not have any contract assets as performance and a right to consideration occurs within a short period of time and all rights to consideration are unconditional.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

From time to time, the Group recognises contract liabilities in relation to some metal in concentrate sales which are sold under CIF Incoterms, whereby a portion of the cash may be received from the customer before the freight services are provided.

2.24 Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group and the Company reduce the carrying amount to its recoverable amount, the estimated future cash flow is discounted at the original effective interest rate of the instrument and the discount continues unwinding as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

2.25 Dividend income

Dividend income is recognised when the right to receive payment is established.

2.26 Dividend distribution

Dividend distributions to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders. No dividend has been paid by the Company since its incorporation.

2.27 Earnings per share

Basic earnings per share is calculated by dividing the net profit for the year by the weighted average number of ordinary shares outstanding during the year. The basic and diluted earnings per share are the same as there are no instruments that have a dilutive effect on earnings.

2.28 Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

2.29 Amendment of financial statements after issue

The consolidated and company financial statements were authorised for issue by the Board of Directors on 6 April 2020.

3. Financial Risk Management

3.1 Financial risk factors

The Group manages its exposure to key financial risks in accordance with its financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets while protecting future financial security. The main risks that could adversely affect the Group's financial assets, liabilities or future cash flows are market risks comprising: commodity price risk, interest rate risk and foreign currency risk; liquidity risk and credit risk; operational risk, compliance risk and litigation risk. Management reviews and agrees policies for managing each of these risks that are summarised below.

The Group's senior management oversees the management of financial risks. The Group's senior management is supported by the AFRC that advises on financial risks and the appropriate financial risk governance framework for the Group. The AFRC provides assurance to the Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. Currently, the Group does not apply any form of hedge accounting.

(a) Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability but can also increase the risk of losses. The Group has procedures with the object of minimising such losses such as maintaining sufficient cash to meet liabilities when due. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group finance. Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes principal cash flows.

THE COMPANY

(Euro 000's)	Carrying amounts	Contractual cash flows	Less than 3 months	Between 3–12 months	Between 1–2 years	Between 2–5 years	Over 5 years
31 December 2019							
Land options and mortgages	**282**	**282**	**11**	**271**	**-**	**-**	**-**
Tax liability	**2,507**	**2,507**	**-**	**2,507**	**-**	**-**	**-**
Deferred consideration	**53,000**	**53,000**	**-**	**-**	**-**	**53,000**	**-**
Trade and other payables	**57,268**	**57,268**	**44,554**	**12,705**	**9**	**-**	**-**
	113,057	**113,057**	**44,565**	**15,483**	**9**	**53,000**	**-**
31 December 2018							
Land options and mortgages	823	823	-	791	32	-	-
Tax liability	1,945	1,945	-	1,945	-	-	-
Deferred consideration	53,000	53,000	-	-	53,000	-	-
Trade and other payables	56,493	56,493	49,710	6,770	13	-	-
	112,261	112,261	49,710	9,506	53,045	-	-

THE GROUP

(Euro 000's)	Carrying amounts	Contractual cash flows	Less than 3 months	Between 3–12 months	Between 1–2 years	Between 2–5 years	Over 5 years
31 December 2019							
Tax liability	**1,865**	**1,865**	**-**	**1,865**	**-**	**-**	**-**
Deferred consideration	**9,117**	**9,117**	**-**	**-**	**-**	**9,117**	**-**
Trade and other payables	**10,272**	**10,272**	**-**	**10,272**	**-**	**-**	**-**
	21,254	**21,254**	**-**	**12,137**	**-**	**9,117**	**-**
31 December 2018							
Tax liability	1,524	1,524	-	1,524	-	-	-
Deferred consideration	9,117	9,117	-	-	9,117	-	-
Trade and other payables	8,069	8,069	6,124	1,945	-	-	-
	18,710	18,710	6,124	3,469	9,117	-	-

(b) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Group's measurement currency. The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar and the British Pound. The Group's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange rate, with all other variables held constant, of the Group's profit before tax due to changes in the carrying value of monetary assets and liabilities at reporting date:

(Euro 000's)	Effect on profit before tax for the year ended 31 Dec 2019 increase/ (decrease)	Effect on profit before tax for the year ended 31 Dec 2018 increase/ (decrease)
+5%	**9,393**	9,474
-5%	**(9,393)**	(9,474)

(c) Commodity price risk

Commodity price is the risk that the Group's future earnings will be adversely impacted by changes in the market prices of commodities, primarily copper. Management is aware of this impact on its primary revenue stream but knows that there is little it can do to influence the price earned apart from a hedging scheme.

Commodity price hedging is governed by the Group´s policy which allows to limit the exposure to prices. The Group may decide to hedged part of its production during the year.

Commodity price sensitivity

The table below summarises the impact on profit before tax for changes in commodity prices on the fair value of derivative financial instruments and trade receivables (subject to provisional pricing). The impact on equity is the same as the impact on profit before income tax as these derivative financial instruments have not been designated as hedges and are classified as held-for-trading and are therefore fair valued through profit or loss.

The analysis is based on the assumption that the copper prices move $0.05/lb with all other variables held constant. Reasonably possible movements in commodity prices were determined based on a review of the last two years' historical prices.

Increase/ (decrease) in copper prices	Effect on profit before tax for the year ended 31 Dec 2019 increase/ (decrease)	Effect on profit before tax for the year ended 31 Dec 2018 increase/ (decrease)
	Eur 000's	Eur 000's
Increase $0.05/lb (2018: $0.05)	**4,090**	3,845
Decrease $0.05/lb (2018: $0.05)	**(4,090)**	(3,845)

(d) Credit risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Group has no significant concentration of credit risk. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables. The Group has policies to limit the amount of credit exposure to any financial institution.

Except as detailed in the following table, the carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the maximum credit exposure without taking account of the value of any collateral obtained:

(Euro 000's)	2019	2018
Unrestricted cash and cash equivalent at Group	**1,730**	24,357
Unrestricted cash and cash equivalent at operating entity	**6,347**	8,463
Restricted cash at the operating entity	**-**	250
Cash and cash equivalents	**8,077**	33,070

Restricted cash as of 31 December 2018 has been reclassified to non-current trade and other receivables in 2019, as the deposit is considered to be long term (Note 19).

Besides of the above, there are no collaterals held in respect of these financial instruments and there are no financial assets that are past due or impaired as at 31 December 2019.

(e) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

At the reporting date the interest rate profile of interest bearing financial instruments was:

(Euro 000's)	2019	2018
Variable rate instruments		
Financial assets	**8,077**	33,070

An increase of 100 basis points in interest rates at 31 December 2019 would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. For a decrease of 100 basis points there would be an equal and opposite impact on the profit and other equity.

	Equity		Profit or loss	
(Euro 000's)	2019	2018	2019	2018
Variable rate instruments	**808**	331	**808**	331

(f) Operational risk

Operational risk is the risk that derives from the deficiencies relating to the Group's information technology and control systems as well as the risk of human error and natural disasters. The Group's systems are evaluated, maintained and upgraded continuously.

(g) Compliance risk

Compliance risk is the risk of financial loss, including fines and other penalties, which arises from non compliance with laws and regulations. The Group has systems in place to mitigate this risk, including seeking advice from external legal and regulatory advisors in each jurisdiction.

(h) Litigation risk

Litigation risk is the risk of financial loss, interruption of the Group's operations or any other undesirable situation that

arises from the possibility of non execution or violation of legal contracts and consequentially of lawsuits. The risk is restricted through the contracts used by the Group to execute its operations.

3.2 Capital risk management

The Group considers its capital structure to consist of share capital, share premium and share options reserve. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group is not subject to any externally imposed capital requirements.

In order to maintain or adjust the capital structure, the Group issues new shares. The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The AFRC reviews the capital structure on a continuing basis.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

The Group monitors capital on the basis of the gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as provisions plus deferred consideration plus trade and other payables less cash and cash equivalents.

(Euro 000's)	2019	2018
Net debt[1]	**117,774**	85,710
Total equity	**319,858**	282,174
Total capital	**437,632**	367,884
Gearing ratio	**26.9%**	23.3%

(1) Net debt includes non-current and current liabilities net of cash and cash equivalent.

The increase in the gearing ratio during 2019 was mainly due to the undertaken impairments in the year which reduced the total equity for the year 2019 and the impact of the leases resulting in a debt increase.

3.3 Fair value estimation

The fair values of the Group's financial assets and liabilities approximate their carrying amounts at the reporting date.

The fair value of financial instruments traded in active markets, such as publicly traded and available for sale financial assets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price. The appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods, such as estimated discounted cash flows, and makes assumptions that are based on market conditions existing at the reporting date.

Fair value measurements recognised in the consolidated and company statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, Grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- **Level 1** fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2** fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3** fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

3.4 Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the consolidated financial statements. Estimates and assumptions are continually evaluated and are based on

THE GROUP

(Euro 000's)	Level 1	Level 2	Level 3	Total
31 December 2019				
Other financial assets				
Financial assets at FV through OCI	**42**	**-**	**1,101**	**1,143**
Trade and other receivables				
Receivables (subject to provisional pricing)	**-**	**17,716**	**-**	**17,716**
Total	**42**	**17,716**	**1,101**	**18,859**
31 December 2018				
Other financial assets				
Financial assets at FV through OCI	71	-	-	71
Trade and other receivables				
Receivables (subject to provisional pricing)	-	6,959	-	6,959
Total	71	6,959	-	7,030

THE COMPANY

(Euro 000's)	Level 1	Level 2	Level 3	Total
31 December 2019				
Non-current receivables				
Financial assets at FV through profit and loss	**-**	**-**	**229,686**	**229,686**
Other current assets				
Financial assets at FV through OCI	**42**	**-**	**-**	**42**
Total	**42**	**-**	**229,686**	**229,728**
31 December 2018				
Non-current receivables				
Financial assets at FV through profit and loss	-	-	215,308	215,308
Other current assets				
Financial assets at FV through OCI	71	-	-	71
Total	71	-	215,308	215,379

management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Group has identified a number of areas where significant judgements, estimates and assumptions are required.

(a) Capitalisation of exploration and evaluation costs

Under the Group's accounting policy, exploration and evaluation expenditure is not capitalised until the point is reached at which there is a high degree of confidence in the project's viability and it is considered probable that future economic benefits will flow to the Group. Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped project. If a project proves to be unviable, all irrecoverable

costs associated with the project net of any related impairment provisions are written off.

(b) Stripping costs

The Group incurs waste removal costs (stripping costs) during the development and production phases of its surface mining operations. Furthermore, during the production phase, stripping costs are incurred in the production of inventory as well as in the creation of future benefits by improving access and mining flexibility in respect of the orebodies to be mined, the latter being referred to as a stripping activity asset. Judgement is required to distinguish between the development and production activities at surface mining operations.

The Group is required to identify the separately identifiable components or phases of the orebodies for each of its surface mining operations. Judgement is required to identify and define these components, and also to determine the expected volumes (tonnes) of waste to be stripped and ore to be mined in each of these components. These assessments may vary between mines because the assessments are undertaken for each individual mine and are based on a combination of information available in the mine plans, specific characteristics of the orebody, the milestones relating to major capital investment decisions and the type and grade of minerals being mined.

Judgement is also required to identify a suitable production measure that can be applied in the calculation and allocation of production stripping costs between inventory and the stripping activity asset. The Group considers the ratio of expected volume of waste to be stripped for an expected volume of ore to be mined for a specific component of the orebody, compared to the current period ratio of actual volume of waste to the volume of ore to be the most suitable measure of production.

These judgements and estimates are used to calculate and allocate the production stripping costs to inventory and/or the stripping activity asset(s). Furthermore, judgements and estimates are also used to apply the units of production method in determining the depreciable lives of the stripping activity asset(s).

(c) Ore reserve and mineral resource estimates

The Group estimates its ore reserves and mineral resources based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the ore body and suitable production techniques and recovery rates.

Such an analysis requires complex geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs, along with geological assumptions and judgements made in estimating the size and grade of the ore body.

The Group uses qualified persons (as defined by the Canadian Securities Administrators' National Instrument 43-101) to compile this data. Changes in the judgments surrounding proven and probable reserves may impact as follows:

- The carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, and goodwill may be affected due to changes in estimated future cash flows;
- Depreciation and amortisation charges in the consolidated and company statements of comprehensive income may change where such charges are determined using the UOP method, or where the useful life of the related assets change;
- Capitalised stripping costs recognised in the statement of financial position as either part of mine properties or inventory or charged to profit or loss may change due to changes in stripping ratios;
- Provisions for rehabilitation and environmental provisions may change where reserve estimate changes affect expectations about when such activities will occur and the associated cost of these activities;
- The recognition and carrying value of deferred income tax assets may change due to changes in the judgements regarding the existence of such assets and in estimates of the likely recovery of such assets.

(d) Impairment of assets

Events or changes in circumstances can give rise to significant impairment charges or impairment reversals in a particular year. The Group assesses each Cash Generating Unit ("CGU") annually to determine whether any indications of impairment exist. If it was necessary management could contract independent expert to value the assets. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered the higher of the fair value less cost to sell and value-in-use. An impairment loss is recognised immediately in net earnings. The Group has determined that each mine location is a CGU.

These assessments require the use of estimates and assumptions such as commodity prices, discount rates, future capital requirements, exploration potential and

operating performance. Fair value is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted at an appropriate discount rate to determine the net present value. For the purpose of calculating the impairment of any asset, management regards an individual mine or works site as a CGU.

Although management has made its best estimate of these factors, it is possible that changes could occur in the near term that could adversely affect management's estimate of the net cash flow to be generated from its projects.

(e) Provisions for decommissioning and site restoration costs

Accounting for restoration provisions requires management to make estimates of the future costs the Group will incur to complete the restoration and remediation work required to comply with existing laws, regulations and agreements in place at each mining operation and any environmental and social principles the Group is in compliance with. The calculation of the present value of these costs also includes assumptions regarding the timing of restoration and remediation work, applicable risk-free interest rate for discounting those future cash outflows, inflation and foreign exchange rates and assumptions relating to probabilities of alternative estimates of future cash outflows.

Management uses its judgement and experience to provide for and (in the case of capitalised decommissioning costs) amortise these estimated costs over the life of the mine. The ultimate cost of decommissioning and timing is uncertain and cost estimates can vary in response to many factors including changes to relevant environmental laws and regulations requirements, the emergence of new restoration techniques or experience at other mine sites. As a result, there could be significant adjustments to the provisions established which would affect future financial results. Refer to Note 26 for further details.

(f) Income tax

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and Company recognise liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Judgement is also required to determine whether deferred tax assets are recognised in the consolidated statements of financial position. Deferred tax assets, including those arising from unutilised tax losses, require the Group to assess the probability that the Group will generate sufficient taxable earnings in future periods, in order to utilise recognised deferred tax assets.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by production and sales volumes, commodity prices, reserves, operating costs, closure and rehabilitation costs, capital expenditure, dividends and other capital management transactions). To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets could be impacted.

In addition, future changes in tax laws in the jurisdictions in which the Group operates could limit the ability of the Group to obtain tax deductions in future periods.

(g) Inventory

Net realisable value tests are performed at each reporting date and represent the estimated future sales price of the product the entity expects to realise when the product is processed and sold, less estimated costs to complete production and bring the product to sale. Where the time value of money is material, these future prices and costs to complete are discounted.

(h) Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted

to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

(i) Contingent liabilities

A contingent liability arises where a past event has taken place for which the outcome will be confirmed only by the occurrence or non-occurrence of one or more uncertain events outside of the control of the Group, or a present obligation exists but is not recognised because it is not probable that an outflow of resources will be required to settle the obligation.

A provision is made when a loss to the Group is likely to crystallise. The assessment of the existence of a contingency and its likely outcome, particularly if it is considered that a provision might be necessary, involves significant judgment taking all relevant factors into account.

(j) Deferred consideration

As disclosed in Note 28, the Group has recorded a deferred consideration liability in relation to the obligation to pay Astor up to €53.0 million out of excess cash from operations at the Proyecto Riotinto.

In 2018 the discount rate used to value the liability for the deferred consideration was re-assessed to apply a risk free rate as required by IAS 37. The discounted amount, when applying this discount rate, was not considered significant and the Group has measured the liability for the deferred consideration on an undiscounted basis.

The actual timing of any payments to Astor of the consideration involves significant judgment as it depends on certain factors which are out of control of management.

(k) Share-based compensation benefits

Share based compensation benefits are accounted for in accordance with the fair value recognition provisions of IFRS 2 "Share-based Payment". As such, share-based compensation expense for equity-settled share-based payments is measured at the grant date based on the fair value of the award and is recognised as an expense over the vesting period. The fair value of such share-based awards at the grant date is measured using the Black Scholes pricing model. The inputs used in the model are based on management's best estimates for the effects of non-transferability, exercise restrictions, behavioural considerations and expected volatility. Please refer to Note 23.

(l) Consolidation of Cobre San Rafael

Cobre San Rafael, S.L. is the entity which holds the mining rights of Proyecto Touro. The Group controls Cobre San Rafael, S.L. as it is exposed to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The control is proven as: one of the two Directors belongs to the Group and management of the financial books and the capacity to appoint the key personnel is controlled by Atalaya.

(m) Classification of financial assets

The Group and Company exercises judgement upon determining the classification of its financial assets upon considering whether contractual features including interest rate could significantly affect future cash flows. Furthermore, judgment is required when assessing whether compensation paid or received on early termination of lending arrangements results in cash flows that are not SPPI.

4. Business and geographical segments

Business segments

The Group has only one distinct business segment, that being mining operations, which include mineral exploration and development.

Copper concentrates produced by the Group are sold to three offtakers as per the relevant offtake agreement (Note 30.3)

Geographical segments

The Group's mining activities are located in Spain. The commercialisation of the copper concentrates produced in Spain is carried out through Cyprus. Sales transactions to related parties are on arm's length basis in a similar manner to transaction with third parties. Accounting policies used by the Group in different locations are the same as those contained in Note 2.

2019

(Euro 000's)	Cyprus	Spain	Other	Total
Revenue	**10,335**	**177,533**	**-**	**187,868**
Earnings/(loss)before Interest, Tax, Depreciation and Amortisation	**4,195**	**58,209**	**(1,071)**	**61,333**
Depreciation/amortisation charge	**(1)**	**(23,024)**	**-**	**(23,025)**
Net foreign exchange gain/(loss)	**126**	**224**	**-**	**350**
Impairment of other receivables	**(1,694)**	**-**	**-**	**(1,694)**
Finance income	**25**	**27**	**-**	**52**
Finance cost	**(1)**	**(88)**	**-**	**(89)**
Profit/(loss) before tax	**2,650**	**35,348**	**(1,071)**	**36,927**
Tax	**(1,459)**	**(4,748)**	**-**	**(6,207)**
Profit for the year				**30,720**
Total assets	**19,515**	**422,316**	**1,476**	**443,307**
Total liabilities	**(13,823)**	**(111,461)**	**(567)**	**(125,851)**
Depreciation of property, plant and equipment	**1**	**12,574**	**-**	**12,575**
Amortisation of intangible assets	**-**	**3,502**	**-**	**3,502**
Total additions of non-current assets	**1**	**63,498**	**-**	**63,499**

2018

(Euro 000's)	Cyprus	Spain	Other	Total
Revenue	12,938	176,538	-	189,476
Earnings/(loss)before Interest, Tax, Depreciation and Amortisation	1,839	52,110	(407)	53,542
Depreciation/amortisation charge	-	(13,430)	-	(13,430)
Net foreign exchange gain/(loss)	999	615	(1)	1,613
Finance income	63	8	-	71
Finance cost	(2)	(251)	-	(253)
Profit/(loss) before tax	2,899	39,052	(408)	41,543
Tax				(7,102)
Profit for the year				34,441
Total assets	31,721	372,790	643	405,154
Total liabilities	(13,672)	(104,931)	(177)	(118,780)
Depreciation of property, plant and equipment	-	10,143	-	10,143
Amortisation of intangible assets	-	3,287	-	3,287
Total additions of non-current assets	-	69,086	-	69,086

Revenue represents the sales value of goods supplied to customers; net of value added tax. The following table summarises sales to customers with whom transactions have individually exceeded 10.0% of the Group's revenues.

(Euro 000's)	2019		2018	
	Segment	€'000	Segment	€'000
Offtaker 1	**Copper**	**35,766**	Copper	25,900
Offtaker 2	**Copper**	**53,147**	Copper	99,703
Offtaker 3	**Copper**	**98,955**	Copper	63,873

5. Revenue

THE GROUP

(Euro 000's)	2019	2018
Revenue from contracts with customers(1)	**188,019**	195,891
Fair value gain/losses relating to provisional pricing within sales (2)	**(152)**	(6,415)
Total revenue	**187,868**	189,476

All revenue from copper concentrate is recognised at a point in time when the control is transferred. Revenue from freight services is recognised over time as the services are provided.

(1) Included within 2019 revenue there is a transaction price of €0.2 million (€1.0 million in 2018) related to the freight services provided by the Group to the customers arising from the sales of copper concentrate under CIF incoterm.

(2) Provisional pricing impact represented the change in fair value of the embedded derivative arising on sales of concentrate.

THE COMPANY

(Euro 000's)	2019	2018
Sales of services to related companies (Note 30.3)	**1,283**	1,323
	1,283	1,323

6. Other income

THE GROUP

(Euro 000's)	2019	2018
Gain on disposal of associate	**50**	-
Release of prior year provision	**-**	117
Other income	**38**	41
	88	158

THE COMPANY

(Euro 000's)	2019	2018
Gain on disposal of associate	**50**	-
Release of prior year provision	**-**	117
Sales of services to related parties (Note 30.3)	**74**	-
	124	117

7. Expenses by nature

THE GROUP

(Euro 000's)	2019	2018
Operating costs	**96,739**	110,140
Care and maintenance expenditure	**240**	281
Exploration expenses	**3,588**	1,021
Employee benefit expense (Note 8)	**20,153**	17,248
Compensation of key management personnel	**2,105**	2,061
Auditors' remuneration - audit	**215**	196
— Other services	**31**	8
Other accountants' remuneration	**152**	85
Consultants' remuneration	**1,026**	881
Depreciation of property, plant and equipment (Note 13)	**12,575**	10,143
Amortisation of intangible assets (Note 14)	**3,502**	3,287
Travel costs	**371**	329
Share option-based employee benefits	**619**	125
Shareholders' communication expense	**-**	172
On-going listing costs	**369**	163
Legal costs	**448**	450
Public relations and communication development	**567**	640
Impairment of intangible assets (Note 14)	**6,948**	-
Impairment loss on other receivables (Note 19)	**1,694**	-
Other expenses and provisions	**-**	2,292
Total cost of operation, corporate, share based benefits, care and maintenance, and exploration expenses	**151,342**	149,522

THE COMPANY

(Euro 000's)	2019	2018
Employee benefit expense (Note 8)	**122**	144
Key management remuneration	**386**	864
Auditors' remuneration - audit	**116**	102
— Other services	**31**	6
Other accountants' remuneration	**134**	80
Consultants' remuneration	**159**	114
Management fees (Note 30.3)	**42**	213
Travel costs	**13**	31
Shareholders' communication expense	**181**	172
On-going listing costs	**188**	163
Legal costs	**420**	423
Impairment loss on other receivables (Note 19)	**1,694**	-
Other expenses and provisions	**(252)**	2,068
Total cost of corporate, share based benefits and impairment	**3,234**	4,380

8. Employee benefit expense

THE GROUP

(Euro 000's)	2019	2018
Wages and salaries	**14,599**	13,357
Social security and social contributions	**4,997**	3,622
Employees' other allowances	**21**	28
Bonus to employees	**536**	241
	20,153	17,248

The average number of employees and the number of employees at year end by office are:

Number of employees	Average		At year end	
	2019	2018	2019	2018
Spain - Full time	**441**	379	**446**	409
Spain - Part time	**6**	5	**7**	5
Cyprus - Full time	**3**	3	**2**	3
Total	**450**	387	**455**	417

THE COMPANY

(Euro 000's)	2019	2018
Wages and salaries	**109**	131
Social security and social contributions	**13**	13
	122	144

The average number of employees and the number of employees at year end by office are:

Number of employees	Average		At year end	
	2019	2018	2019	2018
Cyprus - Full time	**3**	3	**-**	3
Total	**3**	3	**-**	3

9. Finance income

THE GROUP

(Euro 000's)	2019	2018
Interest income	**52**	71
	52	71

THE COMPANY

(Euro 000's)	2019	2018
Interest income from interest-bearing intercompany loans at fair value through profit and loss (Note 30.3)	**13,607**	13,615
Interest income from interest-bearing intercompany loans at amortised cost (Note 30.3)	**3,198**	2,506
Interest income	**25**	63
	16,830	16,184

Interest income relates to interest received on bank balances.

10. Finance costs

THE GROUP

(Euro 000's)	2019	2018
Interest expense:		
— Other interest	**40**	214
— Interest expense on lease liabilities	**8**	-
— Unwinding of discount on mine rehabilitation provision (Note 26)	**41**	39
	89	253

11. Tax

THE GROUP

(Euro 000's)	2019	2018
Current income tax charge	**5,158**	4,899
(Over)/under provision previous years	**(302)**	-
Deferred tax related to utilization of losses for the year (Note 17)	**256**	975
Deferred tax income relating to the origination of temporary differences (Note 17)	**874**	1,020
Deferred tax expense relating to reversal of temporary differences (Note 17)	**221**	208
	6,207	7,102

The tax on the Group's results before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

(Euro 000's)	2019	2018
Accounting profit before tax	**36,927**	41,543
Tax calculated at the applicable tax rates of the Company – 12.5%	**4,616**	5,193
Tax effect of expenses not deductible for tax purposes	**1,103**	2,212
Tax effect of tax loss for the year	**4,021**	86
Tax effect of allowances and income not subject to tax	**(7,123)**	(4,501)
Over provision for prior year taxes	**(302)**	-
Effect of higher tax rates in other jurisdictions of the group	**2,797**	2,710
Tax effect of tax losses brought forward	**(256)**	(975)
Additional tax	**-**	174
Deferred tax (Note 17)	**1,351**	2,203
Tax charge	**6,207**	7,102

THE COMPANY

(Euro 000's)	2019	2018
Current income tax charge	**1,152**	1,524
(Over)/under provision previous years	**(274)**	-
	878	1,524

Tax losses carried forward

As at 31 December 2019, the Group had tax losses carried forward amounting to €18.5 million from the Spanish subsidiary for the period 2008 to 2015.

Cyprus

The corporation tax rate is 12.5%. Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17% for 2014 and thereafter. Under current legislation, tax losses may be carried forward and be set off against taxable income of the five succeeding years.

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter will be payable on such deemed dividends to the extent that the shareholders (companies and individuals) are Cyprus tax residents and Cyprus domiciled. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

Spain

The corporation tax rate for 2019 and 2018 is 25%. The recent Spanish tax reform approved in 2014 reduced the general corporation tax rate from 30% to 28% in 2015 and to 25% in 2016, and introduced, among other changes, a 10% reduction in the tax base subject to equity increase and other requirements. Under current legislation, tax losses may be carried forward and be set off against taxable income with no limitation.

12. Earnings per share

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

(Euro 000's)	2019	2018
Parent company	**(3,997)**	(5,587)
Subsidiaries	**41,320**	40,302
Profit attributable to equity holders of the parent	**37,323**	34,715
Weighted number of ordinary shares for the purposes of basic earnings per share ('000)	**137,339**	136,755
Basic profit per share (EUR cents/share)	**27.2**	25.4
Weighted number of ordinary shares for the purposes of diluted earnings per share ('000)	**139,236**	138,110
Diluted profit per share (EUR cents/share)	**26.8**	25.1

At 31 December 2019, there are 2,505,250 options (Note 23) and nil warrants (Note 22) (At 31 December 2018: 1,313,000 options and nil warrants) which have been included when calculating the weighted average number of shares for FY2019.

13. Property, plant and equipment

THE GROUP

(Euro 000's)	Land and buildings	Right of use assets(6)	Plant and equipment	Assets under construction(4)	Deferred mining costs(3)	Other assets(2)	Total
2019							
COST							
At 1 January 2019	**45,853**	**6,144**	**152,820**	**62,010**	**27,537**	**785**	**295,149**
Additions	**210**	**277**	**1,171**	**48,737**	**6,476**	**1**	**56,872**
Reclassifications	**-**	**-**	**94,230(5)**	**(94,230)**	**-**	**-**	**-**
Disposals	**-**	**-**	**-**	**-**	**-**	**(5)**	**(5)**
At 31 December 2019	**46,063**	**6,421**	**248,221**	**16,517**	**34,013**	**781**	**352,016**
DEPRECIATION							
At 1 January 2019	**6,072**	**-**	**20,315**	**-**	**4,681**	**561**	**31,629**
Charge for the year	**2,185**	**391**	**8,557**	**-**	**1,380**	**62**	**12,575**
Disposals	**-**	**-**	**-**	**-**	**-**	**(3)**	**(3)**
At 31 December 2019	**8,257**	**391**	**28,872**	**-**	**6,061**	**620**	**44,201**
Net book value at 31 December 2019	**37,806**	**6,030**	**219,349**	**16,517**	**27,952**	**161**	**307,815**
2018							
COST							
At 1 January 2018	40,995	-	145,402	11,445	22,317	785	220,944
Additions	4,858(1)	-	2,324	55,659	5,220	-	68,061
Reclassifications	-	-	5,094	(5,094)	-	-	-
At 31 December 2018	45,853	-	152,820	62,010	27,537	785	289,005
DEPRECIATION							
At 1 January 2018	4,076	-	13,465	-	3,469	476	21,486
Charge for the year	1,996	-	6,850	-	1,212	85	10,143
At 31 December 2018	6,072	-	20,315	-	4,681	561	31,629
Net book value at 31 December 2018	39,781	-	132,505	62,010	22,856	224	257,376

(1) Mine rehabilitation assets and Rumbo Royalty Buyout. On 5 April 2018, the Company entered into an agreement with Rumbo to purchase the whole royalty agreement for a total consideration of US$4,750,000 to be paid through the issuance of 1,600,907 new ordinary shares of £0.075 at a price of £2.118 per share. After this transaction the share premium increased by €3,887,128. On 13 April 2018, the new ordinary shares were issued to Rumbo.

(2) Includes motor vehicles, furniture, fixtures and office equipment which are depreciated over 5-10 years.

(3) Stripping costs.

(4) Assets under construction at 31 December 2019 amounted to €16.5 million (2018: €62.0 million). It includes the capitalisation of costs related to the Expansion Project and sustaining capital expenses.

(5) Transfers related to the completion of the Expansion Project (circa. €90 million) and the Tailing Dam Project (circa. €4 million).

(6) See leases in Note 27.

The above fixed assets are mainly located in Spain.

THE COMPANY

(Euro 000's)	Other assets[1]	Total
2019		
COST		
At 1 January 2019	15	15
Disposals	-	-
At 31 December 2019	**15**	**15**
DEPRECIATION		
At 1 January 2019	**15**	**15**
Charge for the year	-	-
At 31 December 2019	**15**	**15**
Net book value at 31 December 2019	-	-
2018		
COST		
At 1 January 2018	15	15
Disposals	-	-
At 31 December 2018	15	15
DEPRECIATION		
At 1 January 2018	15	15
Charge for the year	-	-
Disposals	-	-
At 31 December 2018	15	15
Net book value at 31 December 2018	-	-

(1) Includes furniture, fixtures and office equipment which are depreciated over 5-10 years.

The Group

In 2017 the BoD approved an Expansion Project to increase the plant capacity to 15Mtpa. During 2019, the Expansion Project was completed with the processing plant fully commissioned and operating at an increased annualised rate of 15 Mtpa since January 2020.

During FY2019, the Group capitalised personnel costs amounting to €953k (2018: €756k).

14. Intangible assets

THE GROUP

(Euro 000's)	Permits[1]	Licences, R&D and Software	Total
2019			
COST			
On 1 January 2019	**76,538**	**6,026**	**82,564**
Additions	**-**	**5,449**	**5,449**
Disposals	**-**	**(3,865)**	**(3,865)**
At 31 December 2019	**76,538**	**7,610**	**84,148**
Amortisation			
On 1 January 2019	**10,370**	**243**	**10,613**
Charge for the year	**3,438**	**64**	**3,502**
Impairment charge (Note 7)	**-**	**6,948**	**6,948**
At 31 December 2019	**13,808**	**7,255**	**21,063**
Net book value at 31 December 2019	**62,730**	**355**	**63,085**
2018			
COST			
On 1 January 2018	76,521	4,505	81,026
Additions from acquisition of subsidiary	17	2,476	2,493
Additions	-	(955)	(955)
At 31 December 2018	76,538	6,026	82,564
AMORTISATION			
On 1 January 2018	7,145	181	7,326
Charge for the year	3,225	62	3,287
At 31 December 2018	10,370	243	10,613
Net book value at 31 December 2018	66,168	5,783	71,951

(1) Permits include an amount of €5.0 million that relate to the Proyecto Touro mining rights.

The useful life of the intangible assets is estimated to be not less than fourteen years from the start of production (the revised Reserves and Resources statement which was announced in July 2016 increased the life of mine to 16 ½ years). In July 2018, the Company announced an updated technical report on the mineral resources and reserves of the Proyecto Riotinto. The Report increased the open pit mineral reserves by 29% and stated the life of mine as 13.8 years, considering the on-going expansion of the processing plant.

The ultimate recovery of balances carried forward in relation to areas of interest or all such assets including intangibles is dependent on successful development, and commercial exploitation, or alternatively the sale of the respective areas.

The Group conducts impairment testing on an annual basis unless indicators of impairment are not present at the reporting date. Atalaya assessed its assets concluding that there are no indicators of impairment for Proyecto

Riotinto as of 31 December 2019. Management has decided to impair all the investment (€6,948k) referred to exploration and other related expenses of Proyecto Touro due to the existence of substantial evidence of impairment based on the negative Environmental Impact Statement notified by the Xunta de Galicia. Mining rights relating to Proyecto Touro continue to be carried at their book value of €5.0 million in Permits as their market value is considered to be in excess of the carrying value.

Goodwill of €9,333,000 arose on the acquisition of the remaining 49% of the issued share capital of Atalaya Riotinto Minera S.L.U. back in September 2008. This amount was fully impaired on acquisition, in the absence of the mining licence back in 2008.

15. Investment in subsidiaries

THE COMPANY

(Euro 000's)	2019	2018
Opening amount at cost minus provision for impairment	**3,899**	3,693
Incorporation [1]	**-**	-
Increase of investment [2]	**731**	206
Disposal of investment [4]	**-**	-
Closing amount at cost less provision for impairment	**4,630**	3,899

The subsidiaries of the Group, the percentage of equity owned and the main country of operation are set out below. These interests are consolidated within these financial statements.

Subsidiary companies	Date of incorporation/ acquisition	Principal Activity	Country of incorporation	Effective proportion of shares held in 2019[5]	Effective proportion of shares held in 2018[5]
Atalaya Touro (UK) Ltd[1]	10 March 2017	Holding	United Kingdom	100%	100%
Atalaya Minasderiotinto Project (UK) Ltd[2]	10 Sep 2008	Holding	United Kingdom	100%	100%
EMED Marketing Ltd	08 Sep 2008	Trading	Cyprus	100%	100%
EMED Mining Spain SLU[3]	12 April 2007	Exploration	Spain	100%	100%

As security for the obligation on ARM to pay consideration to Astor under the Master Agreement and the Loan Assignment Agreement, Atalaya Minasderiotinto Project (UK) Ltd has granted pledges to Astor Resources AG over the issued capital of ARM and granted a pledge to Astor over the issued share capital of Eastern Mediterranean Exploration and Development S.L.U. and the Company has provided a parent company guarantee (Note 28).

(1) On 10 March 2017, Atalaya Touro (UK) Limited was incorporated. Atalaya Mining Plc is its sole shareholder.

(2) During the year 2019 there was an increase amounting to €731k in the investment mainly related to the employee benefit expenses (2018: €206k).

(3) In December 2017, EMED Mining Spain S.L.U. increased its capital by €300k from its sole shareholder. This investment increase was fully impaired in the year.

(4) On 15 May 2018, the Group sold Eastern Mediterranean Resources (Caucasus) Ltd., which was fully impaired, by transferring all issued shares. Following the sale the Company recognised a gain in the net amount of €117k as a result of the release of a prior year provision in the amount of €250k relating to the subsidiary's liabilities and the costs incurred of the sale in the total cost of €133k (Note 6).

(5) The effective proportion of shares held as at 31 December 2019 and 2018 remained unchanged excluding Eastern Mediterranean Resources (Caucasus) Ltd which was sold in 2018.

16. Investment in joint venture

Company name	Principal activities	Country of incorporation	Effective proportion of shares held at 31 December 2015
Recursos Cuenca Minera S.L.	Explotation of tailing dams and waste areas resources	Spain	50%

In 2012 ARM entered into a 50/50 joint venture with Rumbo to evaluate and exploit the potential of the class B resources in the tailings dam and waste areas at The Proyecto Riotinto. Under the joint venture agreement, ARM will be the operator of the joint venture and will reimburse Rumbo for the costs associated with the application for classification of the Class B resources. ARM will fund the initial expenditure of a feasibility study up to a maximum of €2.0 million. Costs are then borne by the joint venture partners in accordance with their respective ownership interests.

The Group's significant aggregate amounts in respect of the joint venture are as follows:

THE COMPANY

(Euro 000's)	2019	2018
Intangible assets	**94**	94
Trade and other receivables	**2**	4
Cash and cash equivalents	**21**	22
Trade and other payables	**(115)**	(115)
Net assets	**2**	5
Revenue	**-**	-
Expenses	**-**	-
Net loss after tax	**-**	-

17. Deferred tax

THE GROUP

Number of employees	Consolidated statement of financial position		Consolidated income statement	
	2019	2018	2019	2018
DEFERRED TAX ASSET				
At 1 January	**7,927**	10,130	**-**	-
Deferred tax asset due to losses available against future taxable income (Note 11)	**-**	-	**-**	-
Deferred tax related to utilization of losses for the year (Note 11)	**(256)**	(975)	**256**	975
Deferred tax asset due to losses available against future taxable income overprovision previous years (Note 11)	**-**	-	**-**	-
Deferred tax income relating to the origination of temporary differences (Note 11)	**(874)**	(1,020)	**874**	1,020
Deferred tax expense relating to reversal of temporary differences (Note 11)	**(221)**	(208)	**221**	208
At 31 December	**6,576**	7,927		
Deferred tax income (Note 11)			**1,351**	2,203

Deferred tax assets are recognised for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available in the future against which the unused tax losses/credits can be utilised.

In addition to recognised deferred income tax asset, the Group has unrecognised tax losses in Cyprus that are available to carry forward for 5 years against future taxable income of the Group companies in which the losses arose, and in Spain €18.5 million (2018: €24.9 million) which are available to carry forward indefinitely against future profits. Deferred tax assets have not been recognised in respect of losses in Cyprus as they may not be used to offset taxable profits elsewhere in the Group, and due to the uncertainty in profitability in the near future to support (either partially or in full) the recognition of the losses as deferred income tax assets.

18. Inventories

THE GROUP

(Euro 000's)	2019	2018
Finished products	**11,024**	2,955
Materials and supplies	**9,266**	7,381
Work in progress	**1,040**	486
	21,330	10,822

As at 31 December 2019, copper concentrate produced and not sold amounted to 14,201 tonnes (FY2018: 4,667 tonnes). Accordingly, the inventory for copper concentrate was €11.0 million (FY2018: €3.0 million). During the year 2019 the Group recorded cost of sales amounting to €115.3 million (FY2018: €140.5 million).

Materials and supplies relate mainly to machinery spare parts. Work in progress represents ore stockpiles, which is ore that has been extracted and is available for further processing.

19. Trade and other receivables

THE GROUP

(Euro 000's)	2019	2018
NON-CURRENT TRADE AND OTHER RECEIVABLES		
Deposits	**500**	249
	500	249
CURRENT TRADE AND OTHER RECEIVABLES		
Trade receivables at fair value - subject to provisional pricing	**8,798**	4,498
Trade receivables from shareholders at fair value - subject to provisional pricing (Note 30.5)	**8,918**	2,461
Other receivables from related parties at amortised cost (Note 30.3)	**56**	56
Deposits	**26**	26
VAT receivable	**14,380**	13,691
Tax advances	**7**	1,208
Prepayments	**616**	688
Other current assets	**56**	1,060
	32,857	23,937
Allowance for expected credit losses	**-**	-
Total trade and other receivables	**33,357**	23,937

THE GROUP

(Euro 000's)	2019	2018
NON-CURRENT TRADE AND OTHER RECEIVABLES		
Receivables from own subsidiaries at amortised cost (Note 30.4)	**80,316**	74,796
Receivables from own subsidiaries at fair value through profit and loss (Note 30.4)	**229,686**	215,308
	310,002	290,104
CURRENT TRADE AND OTHER RECEIVABLES		
Deposits and prepayments	**-**	-
VAT receivable	**47**	161
Receivables from own subsidiaries at amortised cost (Note 30.4)	**3,996**	6,328
Other receivables	**-**	200
Total current trade and other receivables	**4,043**	6,689

Trade receivables are shown net of any interest applied to prepayments. Payment terms are aligned with offtake agreements and market standards and generally are 7 days on 90% of the invoice and the remaining 10% at the settlement date which can vary between 1 to 5 months. The fair value of trade and other receivables approximate their book values.

Increase in deposits relates to the restricted cash of €250k reclassified from cash and cash equivalents (note 21) in non-current deposits in 2019 since the deposit is considered to be long term.

In 2018, the Company recognised €200k prepayment from an option to acquire a portion of an investment on a company which held mining rights of a land. In 2019, the Company signed an agreement to acquire an option over a portion of investment in another entity. The total amount paid in as prepayment for these two investments in 2019 was €1,494k. After the exploration processed performed by the Company on both lands, management decided not to pursue with the execution of both options and therefore to fully impaired the prepayments.

Set out below are the movements of the impairment:

THE GROUP

(Euro 000's)	2019	2018
1 January	**200**	-
Additions	**1,494**	200
Impairment	**(1,694)**	-
At 31 December	**-**	200

20. Other Financial assets

THE GROUP

(Euro 000's)	2019	2018
Financial asset at fair value through OCI (see (a)) below)	**1,143**	71
Total current	**42**	71
Total non-current	**1,101**	-

THE COMPANY

(Euro 000's)	2019	2018
Financial asset at fair value through OCI (see (a)) below)	**42**	71
Total current	**42**	71

a) Financial asset at fair value through OCI

THE GROUP

(Euro 000's)	2019	2018
At 1 January(1)	**71**	129
Additions(3)	**1,101**	-
Fair value change recorded in equity (Note 23)	**(29)**	(58)
Reversal of previously impaired	**50**	-
Disposals(2)	**(50)**	-
At 31 December	**1,143**	71

THE COMPANY

(Euro 000's)	2019	2018
At 1 January(1)	**71**	129
Fair value change recorded in equity (Note 23)	**(29)**	(58)
Reversal of previously impaired	**50**	-
Disposals(2)	**(50)**	-
At 31 December	**42**	71

Company name	Principal activities	Country of incorporation	Effective proportion of shares held at 31 December 2019
Explotaciones Gallegas del Cobre SL	Exploration company	Spain	12.5%
KEFI Minerals Plc	Exploration and development mining company listed on AIM	UK	1.80%
Prospech Limited	Exploration company	Australia	0.65%

(1) The Group decided to recognise changes in the fair value of available-for-sale investments in Other Comprehensive Income ('OCI'), as explained in Note 2.12.

(2) On 20 March 2019, the Board of Directors approved the disposal of the 10% free-carried investment of Atalaya in Eastern Mediterranean Minerals (Cyprus) Limited, an exploration company with interest in Cyprus.

(3) In November 2019, Atalaya executed the option to acquire 12.5% of Explotaciones Gallegas del Cobre, S.L. the exploration property around Touro, with known additional reserves.

21. Cash and cash equivalents

THE GROUP

(Euro 000's)	2019	2018
Cash at bank and in hand	**8,077**	33,070

As at 31 December 2019, the Group's operating subsidiary held €250k (FY2018: €250k) as a collateral for bank guarantees, which has been reclassified as restricted cash (or deposit). In 2019 restricted cash were reclassified to non-current trade and other receivables (Note 19) since the deposit is considered to be long term.

Cash and cash equivalents denominated in the following currencies:

(Euro 000's)	2019	2018
Euro - functional and presentation currency	**2,059**	7,649
Great Britain Pound	**374**	255
United States Dollar	**5,644**	25,166
	8,077	33,070

THE COMPANY

(Euro 000's)	2019	2018
Cash at bank and on hand	**128**	826
Cash and cash equivalents denominated in the following currencies:		
Euro - functional and presentation currency	**97**	774
Great Britain Pound	**29**	3
United States Dollar	**2**	49
	128	826

22. Share capital

Authorised			Nr. of Shares	Share capital	Share Premium	Total
			'000's	£ 000's	£ 000's	£ 000's
Ordinary shares of £0.075 each			200,000	15,000	-	15,000
Issued and fully paid			000's	Euro 000's	Euro 000's	Euro 000's
1 January 2018			135,254	13,192	309,577	322,769
Issue Date	Price (£)	Details				
13 Feb 2018	1.87	Shares issued to Rumbo[a]	193	16	410	426
13 Feb 2018	1.44	Exercised share options[b]	29	3	45	48
13 April 2018	2.118	Rumbo buyout[c]	1,601	139	3,887	4,026
1 June 2018	1.425	Exercised warrants[d]	263	22	405	427
		Costs of Issued Shares	-	-	(5)	(5)
31 December 2018/1 January 2019			137,340	13,372	314,319	327,691
31 December 2019			**137,340**	**13,372**	**314,319**	**327,691**

Authorised capital

The Company's authorised share capital is 200,000,000 ordinary shares of £0.075 each.

Issued capital

FY2019

No issuances during the twelve months period ended 31 December 2019.

FY2018

a) On 13 February 2018, the Company issued 192,540 new ordinary shares of £0.075 to Rumbo at a price of £1.867, thus creating a share premium of €410,146.

b) On 13 February 2018, the Company was notified that certain employees exercised options over 29,000 ordinary shares of £0.075 at a price of £1.44, thus creating a share premium of €44,576.

c) On 5 April 2018, the Company entered into an agreement with Rumbo to purchase the whole royalty agreement for a total consideration of US$4,750,000 to be paid through the issuance of 1,600,907 new ordinary shares of £0.075 at a price of £2.118 per share. After this transaction the share premium increased by €3,887,128. On 13 April 2018, the new ordinary shares were issued to Rumbo.

d) On 1 June 2018, 262,569 warrants were exercised at £1.425 per ordinary share. Hence, 262,569 new ordinary shares of £0.075 were issued, thus creating a share premium of €405,087.

Warrants

The Company has issued warrants to advisers to the Group. Warrants expired three years after the grant date and had exercise price £1.425. At 31 December 2019 there are nil warrants.

On 1 June 2018, all warrants were exercised.

Details of share warrants at 31 December 2018:

	Number of warrants
Outstanding warrants at 1 January 2018	**262,569**
— Exercised during the reporting period	**(262,569)**
Outstanding warrants at 31 December 2018	**-**

On 1 June 2018, the Company received notification for the exercise of warrants over 262,569 ordinary shares of £0.075 in the Company at an exercise price of £1.425 per share. As a result, the Company received proceeds of £374,160.83 (as (d)) above).

23. Other reserves

THE GROUP

(Euro 000's)	Share option	Bonus share	Depletion factor(1)	Fair value reserve of financial assets at FVOCI(2)	Non-distributable reserve(3)	Distributable reserve(4)	Total
At 1 January 2018	6,536	208	450	(1,057)	-	-	6,137
Recognition of depletion factor	-	-	5,050	-	-	-	5,050
Recognition of non-distributable reserve	-	-	-	-	1,446	-	1,446
Recognition of share based payments	216	-	-	-	-	-	216
Change in fair value of financial assets at fair value through OCI (Note 20)	-	-	-	(58)	-	-	(58)
At 31 December 2018	**6,752**	**208**	**5,500**	**(1,115)**	**1,446**	**-**	**12,791**
Recognition of depletion factor	**-**	**-**	**5,378**	**-**	**-**	**-**	**5,378**
Recognition of non-distributable reserve	**-**	**-**	**-**	**-**	**1,984**	**-**	**1,984**
Recognition of distributable reserve	**-**	**-**	**-**	**-**	**-**	**1,844**	**1,844**
Recognition of share based payments	**619**	**-**	**-**	**-**	**-**	**-**	**619**
Change in fair value of financial assets at fair value through OCI (Note 20)	**-**	**-**	**-**	**(29)**	**-**	**-**	**(29)**
Other changes in reserves	**-**	**-**	**-**	**-**	**-**	**249**	**249**
At 31 December 2019	**7,371**	**208**	**10,878**	**(1,144)**	**3,430**	**2,093**	**22,836**

THE COMPANY

(Euro 000's)	Share option	Bonus share	Fair value reserve of financial assets at FVOCI(2)	Total
At 1 January 2018	6,536	208	(1,057)	5,687
Recognition of share based payments	216	-	-	216
Change in fair value of financial assets at fair value through OCI (Note 20)	-	-	(58)	(58)
At 31 December 2018	**6,752**	**208**	**(1,115)**	**5,845**
Adjustment for initial application of IFRS 9	**-**	**-**	**-**	**-**
Recognition of share based payments	**619**	**-**	**-**	**619**
Change in fair value of financial assets at fair value through OCI (Note 20)	**-**	**-**	**(29)**	**(29)**
At 31 December 2019	**7,371**	**208**	**(1,144)**	**6,435**

(1) Depletion factor reserve: During the twelve month period ended 31 December 2019, the Group has disposed €5.4 million (FY2018: €5.0 million) as a depletion factor reserve as per the Spanish Corporate Tax Act.

(2) Fair value reserve of financial assets at FVOCI: The Group decided to recognise changes in the fair value of certain investments in equity securities in OCI. These changes are accumulated within the FVOCI reserve under equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

(3) Non-distributable reserve: As required by the Spanish Corporate Tax Act, the Group classified a non-distributable reserve of 10% of the profits generated by the Spanish subsidiaries until the reserve is 20% of share capital of the subsidiary.

(4) Distributable reserve: As result of the 2018 profit generated in ARM, the Group decided to record a distributable reserve in order to comply with the Spanish Corporate Tax Act.

Details of share options outstanding as at 31 December 2019:

Grant date	Expiry date	Exercise price £	Share options
23 Feb 2017	22 Feb 2022	1.44	813,000
29 May 2019	28-May-2024	2.015	1,292,250
8 July 2019	7 July 2024	2.045	400,000
Total			**2,505,250**

	Weighted average exercise price £	Share options
At 1 January 2019	2.19	**1,313,000**
Granted during the reporting period	2.015	**1,500,000**
Granted during the reporting period	2.045	**400,000**
Less options cancelled during the year	2.015	**(707,750)**
31 December 2019	2.08	**2,505,250**

On 13 February 2018, the Company was notified that certain employees exercised options over 29,000 ordinary shares of £0.075 at a price of £1.44 (Note 22 (b)).

On 30 May 2019, the Company announced a grant of 1,500,000 share options (the "Options") to Persons Discharging Managerial Responsibilities ("PDMRs") and management, in accordance with the Company's approved Share Option Plan 2013 (the "Option Plan"). The Options expire five years from the date of grant (29 May 2019), have an exercise price of 201.5 pence per ordinary share, based on the minimum share price in the five days preceding the grant date, and vest in two equal tranches, half on grant and half on the first anniversary of the granting date.

On 10 July 2019, the Company announced a grant of 400,000 share options (the "Options") to Person Discharging Managerial Responsibilities ("PDMRs") in accordance with the Company's approved Share Option Plan 2013 (the "Option Plan"). The Options expire five years from the date of grant (8 July 2019), have an exercise price of 204.5 pence per ordinary share, based on the minimum share price in the five days preceding the grant date, and vest in two equal tranches, half on grant and half on the first anniversary of the granting date.

In general, option agreements contain provisions adjusting the exercise price in certain circumstances including the allotment of fully paid ordinary shares by way of a capitalisation of the Company's reserves, a sub division or consolidation of the ordinary shares, a reduction of share capital and offers or invitations (whether by way of rights issue or otherwise) to the holders of ordinary shares.

The estimated fair values of the options were calculated using the Black Scholes option pricing model. The inputs into the model and the results are as follows:

Grant Date	Weighted average share price £	Weighted average exercise price £	Expected volatility	Expected life (years)	Risk Free rate	Expected dividend yield	Estimated Fair Value £
23 Feb 2017	1.440	1.440	51.8%	5	0.6%	Nil	0.666
29 May 2019	2.015	2.015	46.9%	5	0.8%	Nil	0.66
8 July 2019	2.045	2.045	46.9%	5	0.8%	Nil	0.66

The volatility has been estimated based on the underlying volatility of the price of the Company's shares in the preceding twelve months.

24. Non-controlling interest

(Euro 000's)	2019	2018
Opening balance	**4,200**	4,474
On acquisition of a subsidiary	**-**	-
Share of results for the year	**(6,602)**	(274)
Closing balance	**(2,402)**	4,200

The Group has a 10% interest in Cobre San Rafael, S.L. acquired in July 2017 while the remaining 90% is held by a non-controlling interest (Note 2.3 (b) (1)). The significant financial information with respect to the subsidiary before intercompany eliminations as at and for the year ended 31 December 2019 is as follows:

(Euro 000's)	2019	2018
Non-current assets	**5,096**	7,024
Current assets	**580**	456
Non-current liabilities	**-**	-
Current liabilities	**8,345**	2,813
Equity	**(2,669)**	4,667
Revenue	**-**	-
Loss for the year and total comprehensive income	**(7,336)**	(304)

Cobre San Rafael, S.L. was established on 13 June 2016.

* 10% interest in Cobre San Rafael, S.L. was acquired by the Group in July 2017.

25. Trade and other payables

THE GROUP

(Euro 000's)	2019	2018
NON-CURRENT TRADE AND OTHER PAYABLES		
Land options	**-**	32
Government grant	**13**	13
	13	45
CURRENT TRADE AND OTHER PAYABLES		
Trade payables	**52,395**	53,098
Land options and mortgage	**282**	791
Accruals	**4,860**	3,382
	57,537	57,271

THE COMPANY

(Euro 000's)	2019	2018
CURRENT TRADE AND OTHER PAYABLES		
Accruals	**1,744**	2,200
Payable to own subsidiaries (Note 30.4)	**8,507**	5,851
Other	**21**	18
	10,272	8,069

Trade payables are mainly for the acquisition of materials, supplies and other services. These payables do not accrue interest and no guarantees have been granted. The fair value of trade and other payables approximate their book values.

The Group's exposure to currency and liquidity risk related to liabilities is disclosed in Note 3.

Trade payables are non-interest-bearing and are normally settled on 60-day terms.

26. Provisions

THE GROUP

(Euro 000's)	Legal	Rehabilitation	Total
1 January 2018	213	5,514	5,727
Additions	6	972	978
Revision of provision	(92)	(133)	(225)
Finance cost (Note 10)	-	39	39
31 December 2018/1 January 2019	**127**	**6,392**	**6,519**
Additions	**284**	**138**	**422**
Revision of provision	**(23)**	**(18)**	**(41)**
Finance cost (Note 10)	**-**	**41**	**41**
31 December 2019	**388**	**6,553**	**6,941**

(Euro 000's)	2019	2018
Non-Current	**6,941**	6,519
Current	**-**	-
Total	**6,941**	6,519

Rehabilitation provision

Rehabilitation provision represents the accrued cost required to provide adequate restoration and rehabilitation upon the completion of production activities. These amounts will be settled when rehabilitation is undertaken, generally over the project's life.

The discount rate used in the calculation of the net present value of the provision as at 31 December 2019 was 1.87%, which is the 15-year Spain Government Bond rate (2018: 1.87%). An inflation rate of 1.5% is applied on annual basis.

The expected payments for the rehabilitation work are as follows:

(Euro 000's)	Between 1-5 Years	Between 6-10 Years	Between 10-15 Years
Expected payments for rehabilitation of the mining site	401	2,069	4,083

Legal provision

The Group has been named as defendant in several legal actions in Spain, the outcome of which is not determinable as at 31 December 2019. Management has reviewed individually each case and made a provision of €388k (€127k in 2018) for these claims, which has been reflected in these consolidated financial statements. (Note 32)

27. Leases

(Euro 000's)	31 Dec 2019	31 Dec 2018
Non-current		
Leases	**5,265**	-
	5,265	-
Current		
Leases	**588**	-
	588	-

Finance leases

The Group entered into lease arrangements for the renting of land, laboratory equipment and vehicles which are subject to the adoption of all requirements of IFRS 16 Leases (Note 2.2). The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. Depreciation expense regarding leases amounts to €0.3 million (2018: €nil) for the twelve month period ended 31 December 2019. The duration of the land lease is for a period of thirteen years. Payments are due at the beginning of the month escalating annually on average by 1.5%. At 31 December 2019, the remaining term of this lease is twelve years. (Note 2)

The duration of the motor vehicle and laboratory equipment lease is for a period of four years, payments are due at the beginning of the month escalating annually on average by 1.5%. At 31 December 2019, the remaining term of this motor vehicle and laboratory equipment lease is three years and three and half years respectively.

(Euro 000's)	31 Dec 2019	31 Dec 2018
MINIMUM LEASE PAYMENTS DUE:		
— Within one year	**588**	-
— Two to five years	**2,134**	-
— Over five years	**3,131**	-
Less future finance charges	**-**	-
Present value of minimum lease payments due	**5,853**	-
PRESENT VALUE OF MINIMUM LEASE PAYMENTS DUE:		
— Within one year	**588**	-
— Two to five years	**2,134**	-
— Over five years	**3,131**	-
	5,853	-

(Euro 000's)	Lease liability
Balance 1 January 2019	**6,144**
Additions	**277**
Interest expense	**8**
Lease payments	**(576)**
Balance at 31 Dec 2019	**5,853**
Balance at 31 Dec 2019	
— Non-current liabilities	**5,265**
— Current liabilities	**588**
	5,853

28. Deferred consideration

In September 2008, the Group moved to 100% ownership of Atalaya Riotinto Mineral S.L. ("ARM") (and thus full ownership of Proyecto Riotinto) by acquiring the remaining 49% of the issued capital of ARM. At the time of the acquisition, the Group signed a Master Agreement (the "Master Agreement") with Astor Management AG ("Astor") which included a deferred consideration of €43.9 million (the "Deferred Consideration") payable as consideration in respect of the acquisition among other items. The Company also entered into a credit assignment agreement at the same time with a related company of Astor, Shorthorn AG, pursuant to which the benefit of outstanding loans was assigned to the Company in consideration for the payment of €9.1 million to Shorthorn (the "Loan Assignment").

The Master Agreement has been the subject of litigation in the High Court and the Court of Appeal that has now concluded. As a consequence, ARM must apply any excess cash (after payment of operating expenses, sustaining capital expenditure, any senior debt service requirements and up to US$10 million per annum (for non-Proyecto Riotinto related expenses)) to pay the consideration due to Astor (including the Deferred Consideration and the amount of €9.1 million payable under the Loan Assignment). "Excess cash" is not defined in the Master Agreement leaving ambiguity as to how it is to be calculated.

On 2 March 2020, the Company filed an application in the High Court to seek clarity on the definition of "Excess Cash". A preliminary hearing is due to take place on 22 May 2020. As and when a substantive hearing takes place, the Company expects to have clarity on the definition of Excess Cash and the payment schedule of the Deferred Consideration and the Loan Assignment.

As at 31 December 2019, no consideration has been paid.

The amount of the liability recognised by the Group and Company is €53 million (€43.9 million + €9.1 million) and €9.1 million respectively. The effect of discounting remains insignificant, in line with prior year's assessment, and therefore the Group has measured the liability for the Astor deferred consideration on an undiscounted basis.

29. Acquisition, incorporation and disposals of subsidiaries

2019

Acquisition and incorporation of subsidiaries

There were no acquisition nor incorporation of subsidiaries during the year.

Disposals of subsidiaries

There were no disposals of subsidiaries during the year.

2018

Acquisition and incorporation of subsidiaries

There were no acquisition nor incorporation of subsidiaries during the year.

Disposals of subsidiaries

On 15 May 2018, the Group sold Eastern Mediterranean Resources (Caucasus) Ltd. which was fully impaired, by transferring all issued shares. The net effect of the gain in the income statement arose from the release of the prior year provision of €250k (Georgian Tax liability). The total costs for the sale were €75k, paid to the buyer in addition to €58k relating consulting costs (Note 6).

Wind-up of subsidiaries

There were no operations wound-up during FY2019 and FY2018.

30. Group information and related party disclosures

30.1 Information about subsidiaries

These audited consolidated financial statements include:

(1) Cobre San Rafael, S.L. is the entity which holds the mining rights of The Proyecto Touro. The Group has control in the management of Cobre San Rafael, S.L., including one of the two Directors, management of the financial books and the capacity of appointment the key personnel (Note 2.3 (b) (1)).

Subsidiary companies	Parent	Principal activity	Country of incorporation	Effective proportion of shares held
Atalaya Touro (UK) Ltd	Atalaya Mining Plc	Holding	United Kingdom	100%
Atalaya MinasdeRiotinto Project (UK) Limited	Atalaya Mining Plc	Holding	United Kingdom	100%
EMED Marketing Ltd	Atalaya Mining Plc	Trading	Cyprus	100%
EMED Mining Spain S.L.U.	Atalaya Mining Plc	Exploration	Spain	100%
Atalaya Riotinto Minera S.L.U.	Atalaya MinasdeRiotinto Project (UK) Limited	Production	Spain	100%
Eastern Mediterranean Exploration and Development S.L.U.	Atalaya MinasdeRiotinto Project (UK) Limited	Exploration	Spain	100%
Cobre San Rafael, S.L.[1]	Atalaya Touro (UK) Limited	Exploration	Spain	10%
Recursos Cuenca Minera S.L.U.	Atalaya Riotinto Minera SLU	Exploration	Spain	J-V
Fundacion Atalaya Riotinto	Atalaya Riotinto Minera SLU	Trust	Spain	100%
Atalaya Servicios Mineros, S.L.U.	Atalaya MinasdeRiotinto Project (UK) Limited	Dormant	Spain	100%

30.2 Compensation of key management personnel

The total remuneration and fees of Directors (including executive Directors) and other key management personnel was as follows:

(1) These amounts related to the approved performance bonus for 2018 by the Board of Directors following the proposal of the CGNC Committee. The 2019 estimates recorded are not included in the table above as this is yet to be approved by the Board of Directors. There is no certainty or guarantee that the Board of Directors will approve a similar amount for 2019 performance.

(Euro 000's)	The Group		The Company	
	2019	2018	2019	2018
Directors' remuneration and fees	**1,319**	922	**536**	454
Director's bonus [1]	**325**	280	**-**	-
Share option-based benefits to Directors	**173**	39	**-**	-
Key management personnel fees	**765**	462	**-**	116
Key management bonus [1]	**740**	235	**-**	150
Share option-based and other benefits to key management personnel	**267**	88	**-**	10
	3,589	2,026	**536**	730

At 31 December 2019 amounts due to Directors, as from the Group, are €nil (€0.5 million at 31 December 2018) and €0.5 million (€0.3 million at 31 December 2018) to key management.

At 31 December 2019 amounts due to Directors, as from the Company, are €nil (€nil at 31 December 2018) and €nil (€0.2 million at 31 December 2018) to key management.

Share-based benefits

In 2019, the Directors and key management personnel have granted 1,650,000 options (2018: nil options) (see note 23).

During 2019 the Directors and key management personnel have not been granted any bonus shares (2018: nil).

30.3 Transactions with shareholders and related parties

THE GROUP

(Euro 000's)	2019	2018
Trafigura- Revenue from contracts	**33,179**	26,234
Freight services	**-**	-
	33,179	26,234
Gains/(losses) relating provisional pricing within sales	**2,587**	(334)
Trafigura - Total revenue from contracts	**35,766**	25,900
	35,766	25,900

THE COMPANY

(Euro 000's)	2019	2018
SALES OF SERVICES (NOTE 5):		
— EMED Marketing Limited	**690**	749
— Atalaya MinasdeRiotinto Project (UK) Limited	**593**	574
	1,283	1,323
OTHER INCOME SERVICES (NOTE 6):		
— EMED Marketing Limited	**74**	-
PURCHASE OF SERVICES (NOTE 7):		
— Atalaya Riotinto Minera SLU	**42**	213
FINANCE INCOME (NOTE 9):		
Atalaya MinasdeRiotinto Project (UK) Limited - Finance income from interest-bearing loan :		
— Credit agreement - at amortised cost	**1,644**	1,760
— Participative loan - at fair value through profit and loss	**13,607**	13,615
— Credit facility - at amortised cost	**1,554**	746
	16,805	16,121

THE GROUP

(Euro 000's)	2019	2018
CURRENT ASSETS - RECEIVABLE FROM RELATED PARTIES (NOTE 19):		
Recursos Cuenca Minera S.L.	**56**	56
	56	56

The above debtor balance arising from the pre-commissioning sales of goods bear no interest and is repayable on demand.

30.4 Year-end balances with related parties

THE COMPANY

(Euro 000's)	2019	2018
NON-CURRENT ASSETS - LOAN FROM RELATED PARTIES AT FV THROUGH PROFIT AND LOSS (NOTE 19):		
Atalaya MinasdeRiotinto Project (UK) Limited - Participative Loan (1)	**229,686**	215,308
Total (5)	**229,686**	215,308
NON-CURRENT ASSETS - LOANS AND RECEIVABLES FROM RELATED PARTIES AT AMORTISED COST (NOTE 19):		
Atalaya MinasdeRiotinto Project (UK) Limited - Credit Expansion Loan (2)	**43,591**	38,743
Atalaya MinasdeRiotinto Project (UK) Limited - Credit agreement (3)	**26,442**	24,798
Atalaya Riotinto Minera SLU (4)	**9,117**	9,117
EMED Marketing Limited (4)	**-**	1,563
Atalaya MinasdeRiotinto Project (UK) Limited (4)	**1,166**	575
Total (5)	**80,316**	74,796
CURRENT ASSETS - LOANS AND RECEIVABLES FROM RELATED PARTIES AT AMORTISED COST (NOTE 19):		
Atalaya MinasdeRiotinto Project (UK) Limited (4)	**-**	5,230
Atalaya MinasdeRiotinto Project (UK) Limited - Credit agreement (3)	**-**	-
Atalaya Riotinto Minera SLU (4)	**-**	-
Atalaya Touro (UK) Limited (4)	**1,611**	1,098
EMED Mining Spain SL (4)	**-**	-
EMED Marketing Limited (4)	**2,385**	-
Total (5)	**3,996**	6,328

(1) This balance bears interest of 6.75% (2018: 6.75%).

(2) This balance bears interest of EURIBOR 6m plus 4% (2018: LIBOR 6month + 3.25%).

(3) This balance bears interest of EURIBOR 12month plus 4% (2018: nil). The Note Facility Agreement expired on 29 September 2019. The Group signed on 30 September 2019 a new Credit Agreement for the amount due of the Note Facility Agreement bearing a EURIBOR 12 month plus 4% interest and maturing on 30 September 2024

(4) These receivables bear no interest. These balances are repayable on demand. However, management will not claim any repayment in the following twelve months period after the release of the current consolidated financial statements.

THE COMPANY

(Euro 000's)	2019	2018
PAYABLE TO RELATED PARTY (NOTE 25):		
EMED Marketing Limited	**7,990**	5,376
EMED Mining Spain S.L.	**262**	262
Atalaya Riotinto Minera SLU	**255**	213
	8,507	5,851

The above balances bear no interest and are repayable on demand.

30.5 Year-end balances with shareholders

(Euro 000's)	2019	2018
RECEIVABLE FROM SHAREHOLDERS (NOTE 19):		
Trafigura - Debtor balance -subject to provisional pricing	**8,918**	2,461
	8,918	2,461

The above debtor balance arising from the pre-commissioning sales of goods bear no interest and is repayable on demand.

31. Contingent liabilities

— Judicial and administrative cases

In the normal course of business, the Group may be involved in legal proceedings, claims and assessments. Such matters are subject to many uncertainties, and outcomes are not predictable with assurance. Legal fees for such matters are expensed as incurred and the Group accrues for adverse outcomes as they become probable and estimable.

The Junta de Andalucía notified the Group of another disciplinary proceeding for unauthorised discharge in 2014. The Group submitted the relevant defence arguments on 10 March 2015 but has had no response or feedback from the Junta de Andalucía since the submissions. Based on the time that has lapsed without a response, it is expected that the outcome of this proceedings will also be favourable for the Group. Once the necessary time has lapsed, the Group will ask for the Administrative File to be dismissed.

— Receipt of ruling of claim made by an environmental Group

On 26 September 2018, Atalaya received notice from the Tribunal Superior de Justicia de Andalucía ruling in favour of certain claims made by environmental group Ecologistas en Accion ("EeA") against the government of Andalucía ("Junta de Andalucía" or "JdA") and Atalaya, as co-defendant in the case.

In July 2014, EeA had filed a legal claim to JdA with a request to declare null the Unified Environmental declaration (in Spanish, Authorization Ambiental Unificada, or "AAU") granted to Atalaya Riotinto Minera, S.L.U. dated 27 March 2014, which was required in order to secure the required mining permits for Proyecto Riotinto. The judgment, in spite of annulling the AAU on procedural grounds, made very clear that the AAU was correct and therefore, rejected the issues raised by EeA and confirmed the decision of JdA not to suspend the AAU.

The JdA filed for appeal to the Supreme Court. Although the claim was against the JdA, Atalaya, being an interested party in the process, voluntarily joined as co-defendant to ask for permission to appeal to the Supreme Court in Spain.

On 29 March 2019, Atalaya announced the receipt of notification from the Supreme Court in Spain stating that it does not have jurisdiction over the appeal made by the Junta de Andalucía and the Company, which voluntary joined the appeal as con-defendant.

The main legal consequence of the Supreme Court rejection is the ruling of the Tribunal Superior de Justicia de la Junta de Andalucía dated 26 September 2018 is now final and enforceable and the environmental authority must repair the faultiness in the process. The Company is currently in discussions to the Junta de Andalucía to resolve the formal defects identified by the Tribunal Superior de Justicia de Andalucía.

The Company continues operating the mine normally as the ruling does not state the operation at Proyecto Riotinto is to be ceased, not even temporarily and it is still confident that the ruling will not impact its operations at Proyecto Riotinto.

32. Commitments

There are no minimum exploration requirements at Proyecto Riotinto. However, the Group is obliged to pay local land taxes which currently are approximately €235,000 per year in Spain and the Group is required to maintain the Riotinto site in compliance with all applicable regulatory requirements.

In 2012, ARM entered into a 50/50 joint venture with Rumbo to evaluate and exploit the potential of the class B resources in the tailings dam and waste areas at Proyecto Riotinto (mainly residual gold and silver in the old gossan tailings). Under the joint venture agreement, ARM will be the operator of the joint venture, will reimburse Rumbo for the costs associated with the application for classification of the Class B resources and will fund the initial

expenditure of a feasibility study up to a maximum of €2.0 million. Costs are then borne by the joint venture partners in accordance with their respective ownership interests.

33. Significant events

On 30 May 2019, the Company announced a grant of 1,500,000 share options (the "Options") to Persons Discharging Managerial Responsibilities ("PDMRs") and management, in accordance with the Company's approved Share Option Plan 2013 (the "Option Plan"). The Options expire five years from the date of grant (29 May 2019), have an exercise price of 201.5 pence per ordinary share, based on the minimum share price in the five days preceding the grant date, and vest in two equal tranches, half on grant and half on the first anniversary of the granting date.

On 10 July 2019, the Company announced a grant of 400,000 share options (the "Options") to Person Discharging Managerial Responsibilities ("PDMRs") in accordance with the Company's approved Share Option Plan 2013 (the "Option Plan"). The Options expire five years from the date of grant (8 July 2019), have an exercise price of 204.5 pence per ordinary share, based on the minimum share price in the five days preceding the grant date, and vest in two equal tranches, half on grant and half on the first anniversary of the granting date.

In May 2019 the Board of Directors appointed a new Operational General Manager of Proyecto Riotinto.

34. Events after the reporting period

COVID-19 outbreak

On 11 March 2020, the World Health Organization raised the public health emergency caused by the coronavirus outbreak (COVID-19) to an international pandemic. The rapid national and international developments represent an unprecedented health crisis, which will impact the macroeconomic environment and business developments. To address this situation, among other measures, the Spanish Government declared a state of emergency by publishing Royal Decree 463/2020 of 14 March and approved a series of extraordinary urgent measures to address the economic and social impact of COVID-19 by Royal Decree Law 8/2020 of 17 March. On 17 March 2020, the Company released an update on the measures taken to manage and respond to the pandemic to protect its workforce and local communities surrounding its projects.

In addition, a new Royal Decree was released on 29 March 2020 (the "Royal Decree") implementing enhanced measures to protect the people from the virus. The Royal Decree stipulated that only employees from a short list of essential industries were allowed to continued working from 30 March 2020. Mining was excluded as an essential industry and consequently the Company's Proyecto Riotinto site was required to halt its operations for a period until 3 April 2020 when mining operations were permitted to restart.

COVID-19 crisis is considered as a non-adjusting event and is therefore not reflected in the recognition and measurement of the assets and liabilities in the financial statements as at 31 December 2019.

Due to the complexity of the situation and its fast evolution, it is not possible at this time to make a reliable quantified estimate of the potential impact on the Group, which will be recognised prospectively in the 2020 financial statements. (see Note 2.1 (b)). The Company has increased its cash balance from €8.0 million as at 31 December 2019 to €41.7 million as at 31 March 2020 by drawing down on existing credit facilities.

The Directors continue monitoring the business and taking appropriate steps to address the situation and reduce its operational and financial impact. After reviewing alternative scenarios, the current cash resources, forecasts and budgets, timing of cash flows, borrowing facilities, sensitivity analyses on alternative commodities prices and considering the associated uncertainties to the Group's operations, the Directors have a reasonable expectation that the Company has adequate resources to continue operating in the foreseeable future. Accordingly, the consolidated financial statements continue to be prepared on a going concern basis (see Note 2.1 (b)).

The Company continues carrying out several measures and implemented an exceptional plan developed for the purpose of protecting its workforce and the people of the surrounding communities to manage the crisis. The main key risk, its impact and the response plans to protect its workforce are: Spread of COVID-19 at the mine site may cause disruption in the production and additional costs. The Group is implementing emergency response plans. Only critical employees for the operation are allowed to enter on site. There are severe distance and hygienical mandatory rules, mandatory body temperature controls, and facilitate systems and tools to work from home for all remaining employees.

Additionally, the Group, up to the date of approval of these financial statements, assessed the existence of any impairment indicators and the sensitivity analysis to volatility of commodity prices about its key assets being the mining rights, the property plant and equipment, the intangible assets, deferred taxes, trade receivables and inventories corresponding above 95% of its total assets (excluding cash and cash equivalents). The Directors have considered and debated different possible scenarios on the Company's operations, financial position and forecast for a period of at least 12 months since the approval of these financial statements. Possible scenarios range from (i) further disruption in Proyecto Riotinto; (ii) market volatility in commodity prices; and (iii) availability of existing credit facilities and have considered the capacity of the Group and its single asset Proyecto Riontinto to generate cash, the Group concluded that no impairment indicators are in place.

All the above were considered in the assessment of the impact of COVID-19 in the 2020 operations for which an inherent uncertainty exists given the current facts and circumstances at the date of preparation of these financial statements. Although an impact is anticipated in certain projects due to delays, the overall conclusion is that such an impact given the current facts and circumstances does not cast a material uncertainty about the ability of the Group to continue as a going concern which is the assumption used for the preparation of these financial statements as per Note 2.1 (b).

AAU Permits

The Junta de Andalucía issued a favourable report in relation to the Unified Environmental Authorisation (the "AAU") of Proyecto Riotinto in January 2020. The AAU is now on a short legal consultation period exclusively with parties involved in the process, as all deadlines of the process have been suspended by the Junta de Andalucía as result of COVID-19 outbreak. The validation of the AAU is a required step towards the automatic re-validation of the mining permit for Proyecto Riotinto.

Negative Environmental Impact Statement on Proyecto Touro

The "Dirección Xeral de Calidade Ambiental e Cambio Climático", (the General Directorate for the Environment and Climate Change of Galicia), announced on 28 January 2020 that a negative Environmental Impact Statement for Proyecto Touro (Declaración de Impacto Ambiental) had been signed.

The short release stated that the decision was based on two reports which form part of a wider evaluation consisting of fifteen reports produced by different departments of the Xunta de Galicia. These two reports challenge the ability of the Company to guarantee that there will be no environmental impact of the Project on the Ulla River and related protected ecosystems which are located downstream.

On 7 February 2020 the formal communication from the Xunta de Galicia was published in Galicia´s official journal. In the meantime, the Company along with its advisers, is evaluating potential next steps for the Project, which could include an appeal of the decision made by the Xunta de Galicia, and/or the clarification of the questions raised by the reports.

New group entity

In 2020, the Company has initiated the process to establish in Cyprus a new subsidiary under the name of Atalaya Financing, Limited. The activity of this new company will be financing.

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Glossary of Terms

The following definitions and terms are used throughout this Annual Report.

Currency abbreviations

- **US$ / USD or $** .... US Dollars
- **$000** .... Thousand US dollars
- **$m** .... Million US Dollars
- **£** .... Sterling Pound
- **£000** .... Thousand Sterling Pounds
- **£m** .... Million Sterling Pounds
- **€ / EUR** .... Euro
- **€000 / €k** .... Thousand Euros
- **€m** .... Million Euros
- **€nil** .... Zero Euros
- **FY2019 / 2019** .... Twelve month period ended 31 December 2019
- **FY2018 / 2018** .... Twelve month period ended 31 December 2018

Definitions and conversion table

- **lb** .... Pound
- **Oz** .... Troy ounce
- **'000 m³** .... Thousand cubic metres
- **t** .... Tonne
- **DMT** .... Dry Metric Tonne
- **'000 tonnes** .... Thousand metric tonnes
- **1 Kilogramme/ (kg)** .... 2.2046 pounds
- **1000 Kilogrammes/ (´000 kg)** .... 2,204.6 pounds
- **1 Kilometre (km)** .... 0.6214 miles
- **1 troy ounce** .... 31.1 grams
- **Ha** .... Hectare
- **ft** .... Foot

Chemical Symbols

- **Cu** .... Copper
- **Ag** .... Silver
- **Au** .... Gold

Business, Finance and Accounting

- **AAU** .... Autorización Ambiental Unificada (Unified Environmental Declaration)
- **Atalaya or the Company** .... Atalaya Mining Plc, a company incorporated in Cyprus under the Companies law, cap. 113
- **Atalaya Group or Group** .... Atalaya Mining Plc and its subsidiaries
- **AFRC** .... Audit and Financial Risk Committee
- **AGM** .... Annual General Meeting
- **AIM** .... Alternative Investment Market of the London Stock Exchange
- **AISC** .... All In Sustaining Cost
- **AR** .... Annual Report
- **ARM** .... Atalaya Riotinto Minera, S.L.U.
- **Articles** .... The articles of association of Atalaya Mining Plc.
- **Average head grade** .... Average ore grade fed into the mill, expressed in % of weight
- **BoD or Board of Directors** .... The Board of Directors of the Company
- **CAPEX** .... Capital Expenditure
- **Cash Cost** .... The cost to produce one pound of copper
- **CEO** .... Chief Executive Officer
- **C. Eng** .... Chartered Engineer
- **CFO** .... Chief Financial Officer
- **COO** .... Chief Operational Officer
- **COF** .... Cost of Freight
- **CIF** .... Cost Insurance and Freight
- **CIT** .... Corporate Income Tax
- **CIP** .... Carriage and Insurance paid to
- **CGU** .... Cash Generating Unit
- **CGNCC** .... Corporate Governance, Numeration and Compensation Committee
- **Code of Conduct** .... Atalaya's Code of Business Conduct and Ethics
- **Cont.** .... Continued
- **CSR** .... Cobre San Rafael S.L.
- **Directors** .... The Directors of Atalaya for the reporting period
- **EBITDA** .... Earnings Before Interest Tax Depreciation and Amortisation
- **ECL** .... Expected Credit Loss
- **EeA** .... Ecologistas en Accion
- **EIR** .... Effective Interest Rate Method
- **EMED TARTESSUS** .... Eastern Mediterranean Exploration & Development TARTESSUS S.L.
- **Etc.** .... Et cetera
- **EU** .... European Union

- **FIFO** ...... First In First Out
- **Financial statements** ...... Consolidated and company financial statements of Atalaya Mining Plc.
- **FOB** ...... Free on Board
- **FV** ...... Fair Value
- **FVOCI** ...... Fair Value Through Other Comprehensive Income
- **FVPL** ...... Fair Value Through Profit or Loss
- **GAAP** ...... Generally Accepted Accounting Policies
- **Group** ...... Atalaya Mining plc and its subsidiaries
- **H1, H2** ...... Six month periods ending 30th June and 31st December
- **IAS** ...... International Accounting Standards
- **ie** ...... Id est (explanatory information)
- **IFRS** ...... International Financial Reporting Standards
- **IPO** ...... Initial Public Offering
- **JdA** ...... Junta de Andalucía
- **KPI´s** ...... Key Performance Indicators
- **LDC** ...... Louis Dreyfus Company
- **LIBOR** ...... The British Bankers' Association Interest Settlement Rate for the relevant currency
- **LITFR** ...... Lost Injury Time Frequency Rate
- **Ltd.** ...... Limited
- **LLC** ...... Limited Liability Company
- **LP** ...... Limited partnership
- **London Stock Exchange / LSE** ...... London Stock Exchange plc
- **MBA** ...... Master's in Business Administration
- **NED´s** ...... Non-Executive Directors
- **NPV** ...... Net Present Value
- **Nr** ...... Number
- **OCI** ...... Other Comprehensive Income
- **Ordinary Shares** ...... Ordinary Shares of 10 pence each in the capital of the Company
- **Ph. D.** ...... Doctor of Philosophy
- **PRC** ...... Physical Risk Committee
- **PFS** ...... Pre-Feasibility Study
- **Plc.** ...... Public limited company
- **P&L** ...... Profit and Loss
- **P&P reserves** ...... Proven and Probable reserves
- **Q1, Q2, Q3, Q4** ...... Three month periods ending 31st March, 30th June, 30th September and 31st December

- **QCA** .... Quoted Companies Alliance
- **QP** .... Quotation Period
- **SIC** .... Standard Interpretations Committee which were endorsed by the IAS
- **Shareholders** .... Holders of Ordinary Shares
- **SL** .... Sociedad Limitada (private limited company)
- **SLU** .... Sociedad Limitada Unipersonal (limited partnership)
- **TSX** .... Toronto Stock Exchange
- **United Kingdom or UK** .... the United Kingdom of Great Britain and Northern Ireland
- **United States or US** .... the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
- **UOP** .... Unit of Production
- **VAT** .... Value Added Tax
- **WC** .... Working Capital
- **XGC** .... Yanggu Xiangguang Copper Co. Ltd

Mining terms

- **Average head grade** .... Average ore grade fed into the mill, expressed in % of weight
- **Concentrate** .... A fine powdery product of the milling process containing a high percentage of valuable metal
- **Contained copper** .... Represents total copper in a mineral reserve before reduction to account for tonnes not able to be recovered by the applicable metallurgical process
- **Grade** .... The amount of metal in each tonne of ore, expressed as a percentage of valuable metal
- **Mtpa** .... Million tonnes per annum
- **NI 43-101** .... National Instrument 43-101, standard of disclosure for mineral projects according to Canadian guidelines
- **Open pit** .... A mine where the minerals are mined entirely from the surface. Also referred to as open-cut or open-cast mine
- **Ore body** .... A sufficiently large amount of ore that can be mined economically
- **P&P Reserves** .... Proven and Probable reserves
- **Stripping** .... Removal of overburden or waste rock overlying an ore body in preparation for mining by open pit methods
- **Tailings** .... Materials left over after the process of separating the valuable fraction from the uneconomic fraction of an ore
- **TC/RC** .... Treatment Charge and Refinement Charge
- **VTEM** .... Versatile Time Electomagnetic mapping
- **3D** .... Three Dimensional

Shareholder Enquiries

Board of Directors:

Roger Davey ....Chairman. non-executive chairman
Alberto Lavandeira..Managing director and CEO
Hui (Harry) Liu ....Non-executive director
Dr. Jose Sierra Lopez ....Non-executive director
Jesus Fernandez...Non-executive director
Damon Barber..Non-executive director
Dr. Hussein Barma..Non-executive director
Jonathan Lamb ....Non-executive director
Stephen Scott..Non-executive director

Corporate brokers

Canaccord Genuity Limited
41 Lothbury
London EC2R 7AE

BMO Capital Markets

95 Queen Victoria Street
London, EC4V 4HG

NOMAD

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