ATALAYA MINING PLC
MANAGEMENT'S REVIEW AND
CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
31 March 2019
(UNAUDITED)

Notice to Reader

The accompanying unaudited, condensed, interim consolidated financial statements of Atalaya Mining Plc have been prepared by and are the responsibility of Atalaya Mining Plc's management. The unaudited, condensed, interim consolidated financial statements have not been reviewed by Atalaya's auditors.

Introduction

This report provides an overview and analysis of the financial results of operations of Atalaya Mining Plc and its subsidiaries ("Atalaya" and/or "Group"), to enable the reader to assess material changes in the financial position between 31 December 2018 and 31 March 2019 and results of operations for the three months ended 31 March 2019 and 2018.

This report has been prepared as of 22 May 2019. The analysis, hereby included, is intended to supplement and complement the unaudited, condensed, interim consolidated financial statements and notes thereto ("Financial Statements") as at and for the three months ended 31 March 2019. The reader should review the Financial Statements in conjunction with the review of this report and with the audited, consolidated financial statements for the year ended 31 December 2018, and the unaudited, condensed interim consolidated financial statements for the three months ended 31 March 2018. These documents can be found on Atalaya's website at www.atalayamining.com.

Atalaya prepares its Financial Statements in accordance with International Financial Reporting Standards ("IFRSs"). The currency referred to in this document is the Euro, unless otherwise specified.

Forward-looking statements

This report may include certain "forward-looking statements" and "forward-looking information" under applicable 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 that all required third party regulatory and governmental approvals 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 prove to 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.

1. Description of the business

Atalaya is a Cyprus European mining and development company. The Company is listed on the AIM Market of the London Stock Exchange ("AIM") and on the Toronto Stock Exchange ("TSX").

Proyecto Riotinto, wholly owned by the Company's subsidiary Atalaya Riotinto Minera, S.L.U., is located in Huelva, Spain. The Group operates the Cerro Colorado open-pit mine and its associated processing plant where copper in concentrate and silver by-product are produced. A brownfield expansion of the plant is in progress.

The Group has an initial 10% stake in Cobre San Rafael, S.L., the owner of Proyecto Touro, as part of an earn-in agreement which will enable the Group to acquire up to 80% of the copper project. Proyecto Touro is located in Galicia, north-west Spain.

2. Overview of operational results

Proyecto Riotinto

The following table presents a summarised statement of operations of Proyecto Riotinto for the three months ended 31 March 2019 and 2018.

Units expressed in accordance with the international system of units (SI)	Unit	Three months ended 31 Mar 2019	Three months ended 31 Mar 2018	Three months ended 31 Dec 2018
Ore mined	t	**2,549,985**	2,559,201	2,814,637
Ore processed	t	**2,445,977**	2,206,861	2,631,092
Copper ore grade	%	**0.46**	0.48	0.48
Copper concentrate grade	%	**23.52**	22.25	24.01
Copper recovery rate	%	**90.26**	88.47	89.05
Copper concentrate	t	**43,441**	42,429	46,531
Copper contained in concentrate	t	**10,219**	9,441	11,172
Payable copper contained in concentrate	t	**9,785**	9,016	10,706
Cash cost*	$/lb payable	**1.89**	2.27	1.77
All-in sustaining cost*	$/lb payable	**2.18**	2.65	2.00

(*) Refer to Section 5 of this Management's Review

Note: The numbers in the above table may slightly differ among them due to rounding.

Three months operational review

Copper production at Proyecto Riotinto for Q1 2019 increased to 10,219 tonnes from 9,441 tonnes reported in Q1 2018, and 11,172 tonnes in Q4 2018, representing an increase and a decrease of 8.2% and (8.5)%, respectively. Ore milled was consistent with previous quarters and in line with management's expectations. Copper head grade was in line with previous quarter and with expectations. The increase in copper production during the quarter compared with Q1 2018 was mainly attributable to a record average recovery of 90.26%.

Mining operations are progressing according to plan and at similar levels to previous quarters. On a combined basis, ore, waste and marginal ore amounted to 2.3 million m^3 in Q1 2019 versus 2.5 million m^3 in Q4 2018. Additional mining equipment is available on site in anticipation of the increase in production scheduled for H2 2019.

During Q1 2019, the Group sold 45,172 tonnes of concentrates, compared with 44,487 tonnes in Q4 2018 and 48,682 tonnes in Q1 2018. On-site concentrate inventories at the end of the quarter were approximately 2,936 tonnes. All concentrate in stock at the beginning of the quarter and produced during the quarter was delivered to the port at Huelva.

Exploration around Proyecto Riotinto is progressing well with two drilling programmes under way. Remaining massive sulphides and stockwork mineralisation are being targeted under the Atalaya pit. Lateral extensions of massive sulphides and stockwork are also being drilled around Filon Sur. Geological modelling is being updated as information becomes available.

(All amounts in Euro thousands unless otherwise stated)

2. Overview of operational results (continued)

Expansion to 15Mtpa at Proyecto Riotinto

The 15Mtpa expansion project has progressed materially during the quarter with expected mechanical completion on track for the end of Q2 2019. Overall progress completion at the end of the quarter was 97% with construction reporting 72% completion. The new primary crushing area is mechanically well advanced with electrical works progressing. In the new milling area, mechanical activities are progressing according to plan. New flotation and concentrate handling areas are in the final stages of commissioning.

Proyecto Touro

During the quarter, feedback has been received from the relevant Administration bodies as part of the assessment of the environmental impact studies. The Company is busy addressing additional requests to complement current management plans. This stage of the process is expected to last until the end of Q2 2019.

3. Outlook

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 introduction note of this report.

Operational guidance

Proyecto Riotinto operational guidance for 2019 remains as follows:

	Unit	Guidance 2019
Ore processed	million tonnes	11.4
Contained copper	tonnes	45,000 - 46,500

Copper head grade for 2019 is budgeted to average 0.47% Cu, with a recovery rate of approximately 85% to 87%. Cash operating costs for 2019 are expected to be in the range of $1.95/lb – $2.15/lb, and AISC is estimated to be in the range of $2.25/lb – $2.45/lb.

4. Overview of the financial results

The following table presents summarised consolidated income statements for the three months ended 31 March 2019, with comparatives for the three months ended 31 March 2018.

(Euro 000's)	Three months ended 31 Mar 2019	Three months ended 31 Mar 2018
Revenue	**51,712**	52,676
Total operating costs	**(30,026)**	(36,426)
Administrative and other expenses	**(1,917)**	(1,053)
Exploration expenses	**(201)**	(199)
Care and maintenance expenditure	**(5)**	-
EBITDA	**19,510**	14,998
Depreciation/amortisation	**(3,426)**	(4,100)
Net foreign exchange gain	**713**	170
Net finance cost	**(31)**	(7)
Tax	**(2,611)**	(2,271)
Profit for the period	**14,155**	8,790

Three months financial review

Revenues for the three month period ended 31 March 2019 amounted to €51.7 million (Q1 2018: €52.7 million). Lower revenues, compared with the same quarter in the previous year, were mainly driven by stronger US Dollar average rates against Euro and offset by lower copper prices and slightly lower volumes during the period.

Realised prices of $2.80/lb copper during Q1 2019 compared with $3.03/lb copper in Q1 2018. All concentrates were sold under offtake agreements in place.

Operating costs for the three month period ended 31 March 2019 amounted to €30.1 million, compared with €36.4 million in Q1 2018. The decrease was mainly due to lower mining and processing variable costs, in addition to a lesser depreciation charge (due to an extension of the life of mine as per updated reserves and resources report in mid-2018).

Cash costs of $1.89/lb payable copper during Q1 2019 compared with $2.27lb payable copper in the same period last year. Cash costs were impacted by lower mining, technical services and maintenance costs and higher capitalised stripping costs compared with Q1 2018. Capitalised stripping costs during Q1 2019 amounted to €0.8 million compared with €0.3 million in Q1 2018. All-in sustaining costs in the reporting quarter were $2.18/lb payable copper compared with $2.65/lb payable copper in Q1 2018. The decrease in AISC compared with Q1 2018 mainly related to lower sustaining capex and agency fees as well as lower cash operating costs.

Sustaining capex for Q1 2019 amounted to €1.7 million compared with €2.7 million in Q1 2018. Sustaining capex related to enhancements in processing systems of the plant and continuous development programmes at the tailings storage facilities.

Administrative and other expenses amounted to €1.9 million (Q1 2018: €1.1 million) and include non-operating costs of the Cyprus office, corporate legal and consultancy costs, on-going listing costs, officers and directors' emoluments, and salaries and related costs of the corporate office.

Exploration costs at Proyecto Riotinto for the three month period ended 31 March 2019 amounted to €0.2 million, similar amount that in Q1 2018. All exploration costs at Proyecto Touro are capitalised.

EBITDA for the three months ended 31 March 2019 amounted to €19.5 million compared with Q1 2018 of €15.0 million.

The main item below the EBITDA line is depreciation and amortisation of €3.4 million (Q1 2018: €4.1 million). Net financing costs for Q1 2019 amounted to €31k compared with €7k in Q1 2018.

Copper prices

The average realised copper price decreased 7.6% from US$3.03 per pound in Q1 2018 to US$2.80 per pound in Q1 2019.

The average prices of copper for the three months ended 31 March 2019 and 2018 are summarised below:

(USD)	Three months ended 31 Mar 2019	Three months ended 31 Mar 2018
Realised copper price per lb	**2.80**	3.03
Market copper price per lb	**2.82**	3.16

Realised copper prices for the reporting period noted above have been calculated using payable copper and including provisional invoices and final settlements of quotation periods ("QPs") together. Lower realised prices than market averages are mainly due to the final settlement of invoices where QP was fixed in the previous quarter due to a short open period when copper prices were lower. The realised price of shipments during the quarter excluding QP was approximately $2.82/lb.

5. Non-GAAP 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 cash operating 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 C1 Cash Costs plus royalties and agency fees, expenditures on rehabilitation, capitalised stripping costs, exploration and geology costs, corporate costs and sustaining capital expenditures.

Realised price per pound of payable copper is the value of the copper payable included in the concentrate produced before deducting the penalties, discounts, credits and other features governed by the offtake agreements of the Group and all discounts or premiums 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.

6. 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 and cash flows as at 31 March 2019 and 31 December 2018.

Liquidity information

(Euro 000's)	31 March 2019	31 December 2018
Unrestricted cash and cash equivalents at Group level	**22,089**	24,357
Unrestricted cash and cash equivalents at Operation level	**1,707**	8,463
Restricted cash	**250**	250
Working capital surplus	**9,010**	8,435

Unrestricted cash and cash equivalents as at 31 March 2019 decreased to €23.8 million from €32.8 million at 31 December 2018. The decrease in cash balances is the result of net cash flow incurred in the period. Cash balances are unrestricted and include balances at operational and corporate level.

Restricted cash remains at €0.3 million as at 31 March 2019 and mainly relates to deposit bond guarantees.

6. Liquidity and capital resources (continued)

As of 31 March 2019, Atalaya reported a working capital surplus of €9.0 million, compared with 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. At 31 March 2019, trade payables have been reduced by circa 17% compared with the same period last year.

Overview of the Group's cash flows

(Euro 000's)	Three months ended 31 Mar 2019	Three months ended 31 Mar 2018
Cash flows from operating activities	**8,114**	18,377
Cash flows used in investing activities	**(17,138)**	(8,741)
Cash flows from financing activities	**-**	48
Net (decrease)/increase in cash and cash equivalents	**(9,024)**	9,684

Three months cash flows review

Cash and cash equivalents decreased by €9.0 million during the three months ended 31 March 2019. This was due to the net results of cash from operating activities amounting to €8.1 million and the cash used in investing activities amounting to €17.1 million.

Cash generated from operating activities before working capital changes was €20.3 million. Atalaya increased its trade receivables in the period by €11.9 million, decreased its inventory levels by €0.8 million and decreased its trade payables by €1.0 million.

Investing activities during the quarter consumed €17.1 million, relating mainly to the expansion project Capex and sustaining capex mostly in enhancements in processing systems of the plant.

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 mainly denominated in Euros ("EUR"), and to a much lesser extent in British Pounds ("GBP").

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

During the three months ended 31 March 2019, Atalaya recognised a foreign exchange profit of €0.7 million. Foreign exchange losses mainly related to change in the period end EUR and USD conversion rates, as all sales are cashed and occasionally held in USD.

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

	Three months ended 31 Mar 2019	Three months ended 31 Mar 2018
Average rates for the periods		
GBP – EUR	**0.8725**	0.8833
USD – EUR	**1.1358**	1.2292
Spot rates as at		
GBP – EUR	**0.8583**	0.8749
USD – EUR	**1.1235**	1.2321

7. 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. 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.

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

The amount of the liability recognised by the Group is €53 million. The effect of discounting remains insignificant, in line with 2018 assessment, and therefore the Group has measured the liability for the Astor deferred consideration on an undiscounted basis.

8. Corporate social responsibility

During the quarter, Atalaya has continued its involvement in social responsibility through several activities through Fundación Atalaya Riotinto.

Continuing its work in education and entrepreneurship, the Company has renewed the Language School Program in cooperation with the City Council of Nerva, and has restarted the school visits program of the mining region to Atalaya´s facilities.

The Company has launched the second edition of "el Reto Malacate": an initiative to reward the best business project to be settled in the region.

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.

Atalaya has also reached agreements with the towns of Nerva and Campofrío to, respectively, repopulate an important avenue with palm trees, and labelling through town´s advertising to attract tourism.

Also, in collaboration with Asociación Matilde, the Company has cooperated in a program consisting of restoring an organic local garden and selling its products to the market. People involved in this project comes from families at risk of social exclusion.

Atalaya has also taken part into the GAVI program (Business Alliance for Childhood Vaccination) in collaboration with the Fundación La Caixa" and Bill & Melinda Gates Foundation.

9. Health and safety

The prevention of occupational hazards has the highest priority in the Company. The investigation and the analysis of any type of accident is fully performed under the "methodology of the 5 whys" to both own personnel and contractors, even if the accident results in no lost time injury.

During Q1 2019 the Company worked alongside with contractors to strongly reinforce the compliance of safety regulations and accident prevention, establishing a quality assessment of the safety actions carried out by Atalaya.

In addition, the Company is running a program for the evaluation of psychosocial factors in the work environment. For this purpose, Atalaya and the employees 'representatives has formed a working group, supported by an external consulting company. The Company has given out a survey to all its personnel to be submitted on a voluntary basis and entirely confidential. The final results of the survey will be analysed by the external consultant and the Company will receive feedback in the coming months, so to implement a guideline in the improvement of working conditions.

9. Health and safety (continued)

The Company is also developing a training program for high-risk activities. This program involves trainings in the assembling of lifelines, interlocking of equipment, working in cramped spaces, etc.

All these lines of work are resulting in enhancements of safety with respect to the previous year, meaning just two accidents with a minor loss in the first quarter of 2019.

The Company carries on working towards zero damages.

10. Environmental management

During the first quarter of 2019, the environmental department has continued executing the actions of environmental monitoring of the activity, management of the natural environment and the usual historical heritage. Key points of the quarter:

- An analysis of the evolution of the diffuse contamination has been performed, registering a 37% decrease in the pollutant load towards the Tinto and Odiel rivers, thanks to the restoration and water management actions carried out since the beginning of the mining operation.
- Results in terms of emissions to the atmosphere and air quality from 2018 have been analysed and veryfied that the limit values and established target values were met in all the controls carried out.
- Results from 2018 analysis showed a reduction of 16% in the production of hazardous waste and 25% in non-hazardous waste with respect to 2017.

Archaeological excavation work has continued, focusing on the Look Out site for its release as soon as possible.

11. Risk factors

Due to the nature of Atalaya's business in the mining industry, the Group is subject to various risks that could materially impact the future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to Atalaya. Readers are encouraged to read and consider the risk factors detailed in Atalaya's audited, consolidated financial statements for the year ended 31 December 2018.

12. Critical accounting policies, estimates and accounting changes

The preparation of Atalaya's Financial Statements in accordance with IFRS requires management to make estimates and assumptions that affect amounts reported in the Financial Statements and accompanying notes. There is a full discussion and description of Atalaya's critical accounting policies in the audited consolidated financial statements for the year ended 31 December 2018.

13. Other information

Additional information about Atalaya Mining Plc. is available at www.atalayamining.com

Interim Consolidated Income Statements

(All amounts in Euro thousands unless otherwise stated)
For the three months to 31 March 2019 and 2018 - (Unaudited)

(Euro 000's)	Notes	Three months ended 31 March 2019	Three months ended 31 March 2018
Revenue	4	**51,712**	52,676
Operating costs and mine site administrative expenses		**(30,026)**	(36,392)
Mine site depreciation and amortization		**(3,426)**	(4,100)
Gross profit		**18,260**	12,184
Administration and other expenses		**(1,917)**	(1,049)
Share-based benefits		**(53)**	(38)
Care and maintenance expenditure		**(5)**	-
Exploration expenses		**(201)**	(199)
Operating profit		**16,084**	10,898
Other income			-
Net foreign exchange gain		**713**	170
Net finance costs	5	**(31)**	(7)
Profit before tax		**16,766**	11,061
Tax		**(2,611)**	(2,271)
Profit for the period		**14,155**	8,790
Profit for the period attributable to:			
- Owners of the parent		**14,161**	8,857
- Non-controlling interests		**(6)**	(67)
		14,155	8,790
Earnings per share from operations attributable to equity holders of the parent during the period :			
Basic earnings per share (EUR cents per share)	6	**10.3**	6.5
Fully diluted earnings per share (EUR cents per share)	6	**10.2**	6.5
Profit for the period			
Other comprehensive income:		**14,155**	8,790
Change in fair value of financial assets through other comprehensive income 'OCI'		**5**	3
Total comprehensive profit for the period		**14,160**	8,793
Total comprehensive profit for the period attributable to:			
- Owners of the parent		**14,166**	8,860
- Non-controlling interests		**(6)**	(67)
		14,160	8,793

The notes on pages 13 to 26 are an integral part of these condensed interim consolidated financial statements.

Interim Consolidated Balance Sheet

(All amounts in Euro thousands unless otherwise stated)
As at 31 March 2019 and 31 December 2018 - (Unaudited)

(Euro 000's)	Note	31 March 2019	31 December 2018
Assets			
Non-current assets			
Property, plant and equipment	7	**271,589**	257,376
Intangible assets	8	**71,572**	71,951
Trade and other receivables	10	**250**	249
Deferred tax asset		**7,876**	7,927
		351,287	337,503
Current assets			
Inventories	9	**10,078**	10,822
Trade and other receivables	10	**34,340**	23,688
Other financial assets		**76**	71
Cash and cash equivalents		**24,046**	33,070
		68,540	67,651
Total assets		**419,827**	405,154
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	11	**13,372**	13,372
Share premium	11	**314,319**	314,319
Other reserves	12	**22,055**	12,791
Accumulated losses		**(53,353)**	(58,308)
		296,393	282,174
Non-controlling interests		**4,194**	4,200
Total equity		**300,587**	286,374
Liabilities			
Non-current liabilities			
Trade and other payables	13	**34**	45
Provisions	14	**6,672**	6,519
Deferred consideration	15	**53,000**	53,000
		59,706	59,564
Current liabilities			
Trade and other payables	13	**56,238**	57,271
Current tax liabilities		**3,296**	1,945
		59,534	59,216
Total liabilities		**119,240**	118,780
Total equity and liabilities		**419,827**	405,154

The notes on pages 13 to 26 are an integral part of these condensed interim consolidated financial statements

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Interim Consolidated Statements of Changes in Equity

(All amounts in Euro thousands unless otherwise stated)
For the three months to 31 March 2019 and 2018 - (Unaudited)

(Euro 000's)	Share capital	Share premium[1]	Other reserves[2]	Accum. 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 period	-	-	-	8,857	8,857	(67)	8,790
Change in fair value of financial assets through OCI	-	-	3	-	3	-	3
Total comprehensive income	13,192	309,577	6,140	(77,670)	251,239	4,407	255,646
Transactions with owners							
Issue of share capital	19	455	-	-	474	-	474
Depletion factor	-	-	5,050	(5,050)	-	-	-
Recognition of share-based payments	-	-	38	-	38	-	38
At 31 March 2018	13,211	310,032	11,228	(82,720)	251,751	4,407	256,158
Profit for the period	-	-	-	25,858	25,858	(207)	25,651
Change in fair value of financial assets through OCI	-	-	(61)	-	(61)	-	(61)
Total comprehensive income	13,211	310,032	11,167	(56,862)	277,548	4,200	281,748
Transactions with owners							
Issue of share capital	161	4,292	-	-	4,453	-	4,453
Share issue costs	-	(5)	-	-	(5)	-	(5)
Recognition of non-distributable reserve	-	-	1,446	(1,446)	-	-	-
Recognition of share-based payments	-	-	178	-	178	-	178
At 31 December 2018/1 January 2019	**13,372**	**314,319**	**12,791**	**(58,308)**	**282,174**	**4,200**	**286,374**
Profit for the period	**-**	**-**	**-**	**14,161**	**14,161**	**(6)**	**14,155**
Change in fair value of financial assets through OCI	**-**	**-**	**5**	**-**	**5**	**-**	**5**
Total comprehensive income	**13,372**	**314,319**	**12,796**	**(44,147)**	**296,340**	**4,194**	**300,534**
Transactions with owners	**-**	**-**				**-**	**-**
Recognition of share-based payments	**-**	**-**	**53**	**-**	**53**	**-**	**53**
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)**	**-**	**-**	**-**
At 31 March 2019	**13,372**	**314,319**	**22,055**	**(53,353)**	**296,393**	**4,194**	**300,587**

(1) The share premium reserve is not available for distribution
(2) Refer to Note 12

The notes on pages 13 to 26 are an integral part of these condensed interim consolidated financial statements.

Interim Consolidated Statements of Cash Flows

(All amounts in Euro thousands unless otherwise stated)
For the three months to 31 March 2019 and 2018 - (Unaudited)

(Euro 000's)	Notes	Three months ended 31 March 2019	Three months ended 31 March 2018
Cash flows from operating activities			
Profit before tax		**16,766**	11,061
Adjustments for:			
Depreciation of property, plant and equipment	7	**2,604**	3,070
Amortisation of intangibles	8	**822**	1,030
Recognition of share-based payments	12	**53**	38
Interest income	5	**(3)**	(20)
Interest expense	5	**4**	1
Unwinding of discounting	5	**30**	26
Legal provisions	14	**2**	(20)
Loss in disposal of property, plant and equipment	7	**2**	-
Unrealised foreign exchange loss on financing activities		**(1)**	(25)
Cash inflows from operating activities before working capital changes		**20,279**	15,161
Changes in working capital:			
Inventories	9	**744**	4,080
Trade and other receivables	10	**(11,861)**	(956)
Trade and other payables	13	**(1,044)**	76
Deferred consideration	15	**-**	17
Cash flows from operations		**8,118**	18,378
Interest paid		**(4)**	(1)
Net cash from operating activities		**8,114**	18,377
Cash flows from investing activities			
Purchase of property, plant and equipment		**(16,698)**	(8,280)
Purchase of intangible assets	8	**(443)**	(481)
Interest received	5	**3**	20
Net cash used in investing activities		**(17,138)**	(8,741)
Cash flows from financing activities			
Proceeds from issue of share capital		**-**	48
Net cash flows from financing activities		**-**	48
Net (decrease) / increase in cash and cash equivalents		**(9,024)**	9,684
Cash and cash equivalents:			
At beginning of the period		**33,070**	42,856
At end of the period		**24,046**	52,540

The notes on pages 13 to 26 are an integral part of these condensed interim consolidated financial statements.

Notes to the Condensed Interim Consolidated Financial Statements

(All amounts in Euro thousands unless otherwise stated)
For the three months to 31 March 2019 and 2018 - (Unaudited)

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 March 2019.

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

Change of name and share consolidation

Following the Company's Extraordinary General Meeting ("EGM") on 13 October 2015, the change of name from 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 Stg £0.075 for every 30 existing ordinary shares of nominal value Stg £0.0025.

Principal activities

The Company owns and operates through a wholly-owned subsidiary, "The Riotinto project", 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 of this mine is in progress.

In addition, the Company has a phased earn-in agreement to up 80% ownership of "The Touro project", a brownfield copper project in northwest Spain, which is currently at the permitting stage.

The Company's and its subsidiaries' business is 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. Basis of preparation and accounting policies

2.1 Basis of preparation

(a) Overview

The condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). IFRS comprise the standard issued by the International Accounting Standard Board ("IASB"), and IFRS Interpretations Committee ("IFRICs") as issued by the IASB. Additionally, the consolidated financial statements have also been prepared in accordance with the IFRS as adopted by the European Union (EU), using the historical cost convention.

These condensed interim consolidated financial statements are unaudited and include the financial statements of the Company and its subsidiary undertakings. They have been prepared using accounting bases and policies consistent with those used in the preparation of the consolidated financial statements of the Company and the Group for the year ended 31 December 2018. These condensed interim consolidated financial statements do not include all of the disclosures required for annual financial statements, and accordingly, should be read in conjunction with the consolidated financial statements and other information set out in the Company's 31 December 2018 Annual Report. The accounting policies are unchanged from those disclosed in the annual consolidated financial statements.

The Directors have formed a judgment at the time of approving the financial statements that there is a reasonable expectation that the Company and the Group have adequate available resources to continue in operational existence for the foreseeable future.

2. Basis of preparation and accounting policies (cont.)

2.1 Basis of preparation (cont.)

(b) Going concern

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Group 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 will generate sufficient cash and cash equivalents to continue operating for the next twelve months.

2.2 Adoption of new and revised International Financial Reporting Standards (IFRSs)

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 adoption of these Standards did not have a material effect on the condensed interim consolidated financial statements.

IFRS 16 – Leases

The new standard on leases that replaces IAS 17, IFRIC 4, SIC-15 and SIC-27. Under the provisions of the standard most leases, including the majority of those previously classified as operating leases, will be brought onto the statement of financial position, as both a right-of-use asset and a largely offsetting lease liability. The right-of-use asset and lease liability are both based on the present value of lease payments due over the term of the lease, with the asset being depreciated in accordance with IAS 16 'Property, Plant and Equipment' and the liability increased for the accretion of interest and reduced by lease payments.

As of the date of the Report, Atalaya has completed the assessment of the potential impact of IFRS 16 on its consolidated financial statements concluding that there is no material impact. The actual impact of applying IFRS 16 on the consolidated financial statements in the period of initial application will depend on future economic conditions, including the Group´s borrowing rate at 1 January 2019, the composition of Atalaya´s borrowing rate at 1 January 2019, the composition of Atalaya´s portfolio at that date, its latest assessment of whether it will exercise any lease renewal options, and the extent to which Atalaya chooses to use practical expedients and recognition exemptions. The directors continue to consider the potential effects on the Group's financial statements and do not currently expect that there will be a material impact, given the current market and internal conditions.

2.3 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 trading and other 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.

<u>Fair value measurements recognised in the consolidated statement of financial position</u>

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).

2. Basis of preparation and accounting policies (cont.)

2.3 Fair value estimation (cont.)

Financial assets (Euro 000's)	Level 1	Level 2	Level 3	Total
31 March 2019				
Other financial assets				
Financial assets at FV through OCI	**76**	**-**	**-**	**76**
Trade and other receivables				
Receivables (subject to provisional pricing)	**-**	**15,474**	**-**	**15,474**
Total	**76**	**15,474**	**-**	**15,550**
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

2.4 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 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.

Provisions 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 a reliable estimate of the amount can be made. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

A full analysis of critical accounting estimates and judgements is set out in Note 3.4 to the 2018 audited financial statements.

3. Business and geographical segments

Business segments

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

Copper concentrates produced by the Group are sold to three off-takers as per the relevant offtake agreement (Note 18.3)

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.

(Euro 000's)	Cyprus	Spain	Other	Total
Three months ended 31 March 2019 (*)				
Revenue	**3,325**	**48,387**	**-**	**51,712**
Earnings/(loss) Before Interest, Tax, Depreciation and Amortisation (EBITDA)	**1,703**	**17,900**	**(93)**	**19,510**
Depreciation/amortisation charge	**-**	**(3,426)**	**-**	**(3,426)**
Net foreign exchange (loss) / gain	**447**	**226**	**-**	**713**
Finance income	**-**	**3**	**-**	**3**
Finance cost	**-**	**(34)**	**-**	**(34)**
Profit/(loss) before tax	**2,150**	**14,709**	**(93)**	**16,766**
Tax				**(2,611)**
Profit for the period				**14,155**
Total assets	**38,835**	**380,338**	**654**	**419,827**
Total liabilities	**(14,552)**	**(104,531)**	**(157)**	**(119,240)**
Depreciation of property, plant and equipment	**-**	**2,604**	**-**	**2,604**
Amortisation of intangible assets	**-**	**822**	**-**	**822**
Total additions of non-current assets	**-**	**17,256**	**-**	**17,256**
Three months ended 31 March 2018 (*)				
Revenue	52,676	-	-	52,676
Earnings/(loss) Before Interest, Tax, Depreciation and Amortisation (EBITDA)	49,711	(34,708)	(5)	14,998
Depreciation/amortisation charge	-	(4,100)	-	(4,100)
Net foreign exchange gain/(loss)	454	(284)	-	170
Finance income	20	-	-	20
Finance cost	-	(27)	-	(27)
Profit/(loss) before tax	50,185	(39,119)	(5)	11,061
Tax				(2,271)
Profit for the period				8,790
Total assets	59,608	326,118	200	385,926
Total liabilities	(12,598)	(117,112)	(58)	(129,768)
Depreciation of property, plant and equipment	-	3,070	-	3,070
Amortisation of intangible assets	-	1,030	-	1,030
Total additions of non-current assets	-	9,096	-	9,096

(*) For the purposes of the geographical segment, in 2019 revenues have been reallocated between Cyprus and Span as per IFRS 15. Comparatives for 2018 have not been restated,

Notes to the Condensed Interim Consolidated Financial Statements

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For the three months to 31 March 2019 and 2018 - (Unaudited)

4. Revenue

(Euro 000's)	Three months ended 31 March 2019	Three months ended 31 March 2018
Revenue from contracts with customers	**48,218**	52,822
Fair value gain/(losses) relating to provisional pricing within sales [1]	**3,494**	(146)
Total revenue	**51,712**	52,676

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

5. Net finance cost

(Euro 000's)	Three months ended 31 March 2019	Three months ended 31 March 2018
Interest expense :		
Other interest	**4**	1
Unwinding of discount on mine rehabilitation provision (Note 14)	**30**	26
Interest income[1]	**(3)**	(20)
	31	7

(1) Interest income relates to interest received on bank balances

6. Earnings per share

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

(Euro 000's)	Three months ended 31 March 2019	Three months ended 31 March 2018
Parent company	**(904)**	142
Subsidiaries	**15,065**	8,715
Profit attributable to equity holders of the parent	**14,161**	8,857
Weighted number of ordinary shares for the purposes of basic earnings per share (000's)	**137,339**	135,590
Basic profit/(loss) per share (EUR cents/share)	**10.3**	6.5
Weighted number of ordinary shares for the purposes of fully diluted earnings per share (000's)	**138,306**	137,202
Fully diluted profit per share (EUR cents/share)	**10.2**	6.5

At 31 March 2019 there are nil warrants (Note 11) and 913,000 options (Note 12) (2018: 262,569 warrants and 1,334,333 options) which have been included when calculating the weighted average number of shares for 2018.

7. Property, plant and equipment

(Euro 000's)	Land and buildings	Plant and machinery	Assets under construction[4]	Deferred mining costs[3]	Other assets[2]	Total
Cost						
At 1 January 2018	40,995	145,402	11,445	22,317	785	220,944
Additions	370[1]	-	8,021	285	-	8,676
Reclassifications	-	70	(70)	-	-	-
At 31 March 2018	41,365	145,472	19,396	22,602	785	229,620
Additions	4,488[1]	2,324	47,638	4,935	-	59,385
Reclassifications	-	5,024	(5,024)	-	-	-
At 31 December 2018	**45,853**	**152,820**	**62,010**	**27,537**	**785**	**289,005**
Additions	**166**	**413**	**15,486**	**754**	**-**	**16,819**
Disposals	**-**	**-**	**-**	**-**	**(5)**	**(5)**
Reclassifications	**-**	**183**	**(183)**	**-**	**-**	**-**
At 31 March 2019	**46,019**	**153,416**	**77,313**	**28,291**	**780**	**305,819**
Depreciation						
At 1 January 2018	4,076	13,465	-	3,469	476	21,486
Charge for the period	589	2,102	-	364	15	3,070
At 31 March 2018	4,665	15,567	-	3,833	491	24,556
Charge for the period	1,407	4,748		848	70	7,073
At 31 December 2018	**6,072**	**20,315**	**-**	**4,681**	**561**	**31,629**
Charge for the period	**512**	**1,757**	**-**	**319**	**16**	**2,604**
Disposals	**-**	**-**	**-**	**-**	**(3)**	**(3)**
At 31 March 2019	**6,584**	**22,072**	**-**	**5,000**	**574**	**34,230**
Net book value						
At 31 March 2019	**39,435**	**131,344**	**77,313**	**23,291**	**206**	**271,589**
At 31 December 2018	39,781	132,505	62,010	22,856	224	257,376

[1] Mine rehabilitation assets and Rumbo Royalty Buyout.
[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 March 2019 were €77.3 million (2018: €62.0 million) which include the capitalisation of costs related to the Expansion Project and sustaining capital expenditures.

The above fixed assets are located mainly in Spain.

8. Intangible assets

(Euro 000's)	Permits of Rio Tinto Project	Licences, R&D and software	Total
Cost			
At 1 January 2018	76,521	4,505	81,026
Additions	17	464	481
At 31 March 2018	76,538	4,969	81,507
Additions	-	2,012	2,012
Disposals	-	(955)	(955)
At 31 December 2018	**76,538**	**6,026**	**82,564**
Additions	**-**	**443**	**443**
At 31 March 2019	**76,538**	**6,469**	**83,007**
Amortisation			
On 1 January 2018	7,145	181	7,326
Charge for the period	1,019	11	1,030
At 31 March 2018	8,164	192	8,356
Charge for the period	2,206	51	2,257
At 31 December 2018	**10,370**	**243**	**10,613**
Charge for the period	**806**	**16**	**822**
At 31 March 2019	**11,176**	**259**	**11,435**
Net book value			
At 31 March 2019	**65,362**	**6,210**	**71,572**
At 31 December 2018	66,168	5,783	71,951

(1) Permits and R&D include an amount of €5.0 million and an amount of €1.9 million respectively that relate to the Touro Project mining rights.

In July 2018, the Company announced an updated technical report on the mineral resources and reserves of The Riotinto Project. The Report increases 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. In considering the carrying value of the assets at The Riotinto Project, including the intangible assets and any impairment thereof, the Group assessed that no indicators were present as at 31 March 2019 and thus no impairment has been recognised.

9. Inventories

(Euro 000's)	31 March 2019	31 Dec 2018
Finished products	**2,400**	2,955
Materials and supplies	**7,184**	7,381
Work in progress	**494**	486
	10,078	10,822

As of 31 March 2019, copper concentrate produced and not sold amounted to 2,936 tonnes (31 Dec 2018: 4,667 tonnes). Accordingly, the inventory for copper concentrate was €2.4 million (31 Dec 2018: €3.0 million). During the period the Group recorded cost of sales amounting to €33.5 million (Q1 2018: €40.5 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.

10. Trade and other receivables

(Euro 000's)	31 March 2019	31 Dec 2018
Non-current		
Deposits	**250**	249
	250	249
Current		
Trade receivables at fair value – *subject to provisional pricing*	**6,628**	4,498
Trade receivables from shareholders at fair value – *subject to provisional pricing* (Note 18.3)	**8,846**	2,461
Other receivables from related parties at amortised cost (Note 18.3)	**56**	56
Deposits	**29**	26
VAT receivable	**15,189**	13,691
Tax advances	**-**	1,208
Prepayments	**2,082**	688
Other current assets	**1,510**	1,060
	34,340	23,688
Allowance for expected credit losses	**-**	-
Total current trade and other receivables	**34,340**	23,688

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 values of trade and other receivables approximate to their book values.

11. Share capital and share premium

		Shares 000's	Share Capital Stg£'000	Share premium Stg£'000	Total Stg£'000
Authorised					
Ordinary shares of Stg £0.075 each*		200,000	15,000	-	15,000
Issued and fully paid		000's	Euro 000's	Euro 000's	Euro 000's
Balance at 31 December 2017/1 January 2018		135,254	13,192	309,577	322,769
13 Feb 2018 Shares issued to Rumbo at £1.87	a)	193	16	410	426
13 Feb 2018 Exercised share options at £1.44	b)	29	3	45	48
Balance at 31 March 2018		**135,476**	**13,211**	**310,032**	**323,243**
13 April 2018 Shares issued to Rumbo buyout at £2.118	c)	**1,601**	**139**	**3,887**	**4,026**
1 June 2018 Exercised warrants at £1.425	d)	**263**	**22**	**405**	**427**
Share issued costs		**-**	**-**	**(5)**	**(5)**
Balance at 31 December 2018/31 March 2019		**137,340**	**13,372**	**314,319**	**327,691**

Authorised capital

The Company's authorised share capital is 200,000,000 ordinary shares of Stg £0.075 each.

Issued capital

2019
There were no changes in share capital during the three months ended 31 March 2019.

11. Share capital and share premium (continued)

2018

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

All warrants had been exercised in June 2018 (see d) above).

As at 31 March 2019, there were no warrants.

12. Other reserves

(Euro 000's)	Share option	Bonus share	Depletion factor[1]	Available-for-sale investment[2]	Fair value reserve of financial assets at FVOCI [3]	Non-Distributable reserve[4]	Distributable reserve[5]	Total
At 1 January 2018	6,536	208	450	(1,057)				6,137
Adjustment for initial application of IFRS 9	-	-	-	1,057	(1,057)	-	-	-
Recognition of depletion factor	-	-	5,050	-	-	-	-	5,050
Recognition of share based payments	38	-	-	-	-	-	-	38
Change in fair value of financial assets at fair value through OCI	-	-	-	-	3	-	-	3
At 31 March 2018	6,574	208	5,500	-	(1,054)	-	-	11,228
Recognition of non-distributable reserve	-	-	-	-	-	1,446	-	1,446
Recognition of share based payments	178	-	-	-		-	-	178
Change in fair value of financial assets at fair value through OCI	-	-	-	-	(61)	-	-	(61)
At 31 December 2018	**6,752**	**208**	**5,500**	**-**	**(1,115)**	**1,446**	-	**12,791**
Recognition of share based payments	**53**	**-**	**-**	-	**-**	**-**	**-**	**53**
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**
Change in fair value of financial assets at fair value through OCI	**-**	**-**	**-**	-	**5**	**-**	-	**5**
At 31 March 2019	**6,805**	**208**	**10,878**	**-**	**(1,110)**	**3,430**	**1,844**	**22,055**

12. Other reserves (continued)

(1) Depletion factor reserve
At 31 December 2018, the Group has disposed €5,050k as a depletion factor reserve in order to fulfil with the Spanish Corporate Tax Act.

(2) Available-for-sale investments reserve
As at 31 December 2017 this reserve recorded fair value changes on available-for-sale investments. On disposal or impairment, the cumulative changes in fair value were recycled to the income statement. These assets were reclassified upon adoption of IFRS 9.

(3) Fair value reserve of financial assets at FVOCI
The Group has elected to recognise changes in the fair value of certain investments in equity securities in OCI, as explained in (2) above. These changes are accumulated within the FVOCI reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

(4) Non-distributable reserve
To comply with Spanish Law on Corporations, the Group needed to record a reserve when profit generated equal to a 10% of profit/(loss) for the year until 20% of share capital is reached.

(5) Distributable reserve
As result of the profit generated in 2018, the Group decided to record a distributable reserve.

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.

Details of share options outstanding as at 31 March 2019:

	Number of share options 000's
Outstanding options at 1 January 2019	**1,313**
- Expired during the reporting period	**(400)**
Outstanding options at 31 March 2018	**913**

13. Trade and other payables

(Euro 000's)	31 March 2019	31 Dec 2018
Non-current		
Land options	**21**	32
Government grant	**13**	13
	34	45
Current		
Trade payables	**51,252**	**53,098**
Land options and mortgage	**792**	**791**
Accruals	**4,194**	**3,382**
	56,238	**57,271**

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. Trade payables are non-interest-bearing and are normally settled on 60-day terms.

14. Provisions

(Euro 000's)	Legal costs	Rehabilitation costs	Total costs
1 January 2018	213	5,514	5,727
Additions	-	370	370
Revision of provision	(20)	-	(20)
Finance cost	-	26	26
At 31 March 2018	193	5,910	6,103
Additions	6	576	582
Revision of provision	(72)	(133)	(205)
Finance cost	-	39	39
At 31 December 2018	127	6,392	6,519
Additions	5	121	126
Revision of provision	(3)	-	(3)
Finance cost	-	30	30
At 31 March 2019	129	6,543	6,672

(Euro 000's)	31 March 2019	31 Dec 2018
Non-current	6,672	6,519
Current	-	-
Total	6,672	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 March 2019 was 1.87%, which is the 15-year Spain Government Bond rate (31 December 2018: 1.87%, which is the 15-year Spain Government Bond rate). An inflation rate of 1.5% is applied on annual basis.

Legal provision

The Group has been named a defendant in several legal actions in Spain, the outcome of which is not determinable as at 31 March 2019. Management has reviewed individually each case and made a provision of €129 thousand for these claims, which has been reflected in these unaudited interim consolidated financial statements.

15. 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. 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.

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

15. Deferred consideration (continued)

The amount of the liability recognised by the Group is €53 million. The effect of discounting remains insignificant, in line with prior year's assessment, and therefore the Group has measured the liability for the Deferred Consideration on an undiscounted basis.

16. Acquisition, incorporation and disposal of subsidiaries

There were neither acquisition, nor incorporation, nor disposal of subsidiaries during the three month period to 31 March 2019.
On 22 May 2019 the Group sold its remaining 10% in Eastern Mediterranean Minerals (Cyprus) Limited ("EMM"). Refer to events after reported date set out in Note 22.

17. Wind-up of subsidiaries

There were no operations wound-up during the three month period to 31 March 2019.

18. Related party transactions

The following transactions were carried out with related parties:

18.1 Compensation of key management personnel

The total remuneration and fees of Directors (including Executive Directors) and other key management personnel was as follows:

(Euro 000's)	Three months ended 31 March 2018	Three months ended 31 March 2017
Directors' remuneration and fees	**244**	256
Share option-based benefits to directors	**11**	7
Key management personnel fees	**114**	119
Share option-based and other benefits to key management personnel	**25**	16
	394	398

18.2 Share-based benefits

The directors and key management personnel have not been granted any options during the three month period ended 31 March 2019 (Q1 2018: nil).

18.3 Transactions with related parties/shareholders

i) Transaction with shareholders

(Euro 000's)	Three months ended 31 March 2019	Three months ended 31 March 2018
Trafigura– Revenue from contracts	**11,677**	10,061
Freight services	**-**	-
	11,677	10,061
Gain / (losses) relating provisional pricing within sales	**771**	(485)
	12,448	9,576

18. Related party transactions (continued)

ii) Period-end balances with related parties

(Euro 000's)	31 March 2019	31 Dec 2018
Receivables from related parties:		
Recursos Cuenca Minera S.L.	**56**	56
Total (Note10)	**56**	56

The above balances bear no interest and are repayable on demand.

iii) Period-end balances with shareholders

(Euro 000's)	31 March 2019	31 Dec 2018
Trafigura – Debtor balance- subject to provisional pricing	**8,846**	2,461
Total (Note 10)	**8,846**	2,461

The above debtor balance arising from sales of goods and other balances bear no interest and is repayable on demand.

19. 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 rulings of claims made by an environmental Group

On 26 September 2018, Atalaya received notice from the Tribunal Superior de Justicia de Andalucía ("TSJA") 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 TSJA dated 26 September 2018 is now final and enforceable and the environmental authority must repair the defect 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.

19. Contingent liabilities (cont.)

In addition to the legal procedure described above, on 26 April 2019, the Company announced a judgment related to the Mining Permits to operate Proyecto Riotinto (the “Mining Permits”) was handed down by the TSJA. The TSJA declared the Mining Permits are linked to the Environmental Permits, ruled by the same tribunal on September 2018. The new ruling on the Mining Permits is based on the requirement to have an AAU before issuing mining permits and therefore invalidates the existing Mining Permits. The TSJA has not accepted the requests by EeA for the cessation of activities at the mine and an increase in the scope of the environmental plan.

All the pending claims made by EeA have now been ruled by the TSJA. Atalaya continues to work with its legal advisors to evaluate the possibility of appealing the ruling and to ensure the Junta de Andalucía addresses all procedural points raised in both rulings. The Company continues operating the mine normally as the rulings do 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. The JdA has publicly stated support for the continued and normal operations at the Riotinto mine.

20. Commitments

There have been no new commitments during the quarter.

21. Significant events

There have been no significant events during the quarter other than as disclosed in the financial statements and the notes above.

22. Events after the reporting period

Judgment on the Mining Permits

On 26 April 2019, the Company announcement the ruling on the Mining Permits granted the by the Junta de Andalucía. Note 19.

Disposal of subsidiary

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 (“EMM”), an exploration company with interest in Cyprus. On 22 May 2019 the Group sold its remaining 10% for an immaterial consideration in Eastern Mediterranean Minerals (Cyprus) Limited (“EMM”).