15 August 2019

Atalaya Mining Plc.
(“Atalaya” and/or the “Group”)

Interim Condensed Consolidated Financial Statements for the period ended 30 June 2019

Atalaya Mining Plc (AIM: ATYM; TSX: AYM), the European mining and development company, is pleased to announce its quarterly results for the period ended 30 June 2019, together with the interim condensed consolidated financial statements.

Financial Highlights

Quarter ended 30 June		**Q2 2019**	Q2 2018		**H1 2019**	H1 2018
Revenues from operations	€k	**43,070**	48,867		**94,782**	101,543
Operating costs	€k	**(31,036)**	(29,481)		**(63,238)**	(67,159)
EBITDA	**€k**	**12,034**	19,386		**31,544**	34,384
Profit for the period	€k	**6,849**	15,702		**21,004**	24,492
Earnings per share	€ cents/share	**5.1**	11.7		**15.4**	18.2
Cash flows from operating activities	€k	**6,856**	10,837		**14,970**	29,214
Cash flows used in investing activities	€k	**(15,137)**	(12,549)		**(32,275)**	(21,290)
Cash flows (used)/from financing activities	€k	**(272)**	545		**(272)**	593
Working capital (deficit)/ surplus	€k	**(18,391)**	32,747		**(18,391)**	32,747
Average realised copper price	**$/lb**	**2.81**	3.12		**2.80**	3.08
Cu concentrate produced	(tonnes)	**48,382**	47,140		**91,823**	89,568
Cu production	(tonnes)	**10,889**	10,446		**21,108**	19,887
Cash costs	**$/lb payable**	**1.74**	1.88		**1.81**	2.07
All-In Sustaining Cost	**$/lb payable**	**1.95**	2.34		**2.06**	2.49

- Revenues for the three months ended 30 June 2019 (“Q2 2019”) were €43.1 million compared with €48.9 million for the three months ended 30 June 2018 (“Q2 2018”). The decrease was due to lower copper prices offset to some extent by stronger average US Dollar rates against the Euro and slightly lower volumes sold during the period. Revenues for the six month period ended 30 June 2019 (“H1 2019”) of €94.8 million were lower than the €101.5 million reported for the six month period ended 30 June 2018 (“H1 2018”). The decrease was mainly due to lower copper prices in the first half of 2019.

- Operating costs, exploration costs and care and maintenance during Q2 2019 were €31.0 million compared with €29.5 million in Q2 2018. Operating costs for H1 2019 amounted to €63.2 million compared with €67.2 million in H1 2018. This reduction was driven by timing differences in mining, processing and maintenance costs.

- Cash costs during Q2 2019 were $1.74/lb of payable copper, lower than the cash costs of $1.77/lb of payable copper in Q4 2018 and Q2 2018 ($1.88/lb). The decrease against Q2 2018 was primarily as result of lower mining, processing and maintenance costs. All-in Sustaining Costs (“AISC”) during Q2 2019 amounted to $1.95/lb of payable copper, lower than $2.00/lb of payable copper during Q4 2018 and Q2 2018 ($2.34/lb). Cash costs for H1 2019 were $1.81/lb payable copper versus $2.07/lb payable copper during H1 2018. AISC amounted to $2.06/lb payable copper during H1 2019 against $2.49/lb payable copper for H1 2018. AISC for H1 2019 remains below the Company’s previously stated guidance for the year of $2.25/lb to $2.45/lb. Given strong H1 cost performance, Atalaya will review its full year 2019 cost guidance during H2 2019.

- EBITDA of €12.0 million in Q2 2019 compared with €19.4 million in Q2 2018. The decrease in EBITDA was partly driven by lower commodity prices. Q2 2018 also benefited from a higher level of capitalised stripping costs resulting from the Technical Report that was published at the end of that quarter. On an accumulative basis, EBITDA during H1 2019 was €31.5 million compared with €34.4 million in H1 2018, as lower copper prices were largely offset by lower operating costs.

- Q2 2019 profit after tax amounted to €6.8 million (or 5.1 cents basic earnings per share) compared with a profit for Q2 2018 of €15.7 million (or 11.7 cents basic earnings per share). Profit after tax for H1 2019 was €21.0 million compared with €24.5 million during H1 2018.
- Inventories of concentrate at 30 June 2019 amounted to €11.4 million (€10.8 million at 31 December 2018). Concentrate balances at the reporting date were shipped in the following quarter.
- At the end of Q2 2019, the Company reported a working capital deficit of €18.4 million, a significant decrease from the €8.4 million surplus reported at the end of Q4 2018. This was mainly due to the reclassification of part of the Astor Deferred Consideration to current liabilities (refer to note 7 in the MD&A for more details) and lower cash balances due to expenditure on the expansion of Proyecto Riotinto. Unrestricted cash balances as at 30 June 2019 amounted to €15.2 million.
- In connection with the Astor Deferred Consideration, the Company previously classified all of the €53 million as a non-current liability but has regularly been reviewing its assessment of when it could become payable. As a result of this review, the Group has now classified a portion of the €53 million liability as a current liability. However, precise timing and quantum of payments will be estimated depending on the future key variables such as methodology for the calculation, definition of "Project", the price of copper and the US Dollar and Euro exchanges rates, timing of sustaining capital expenditures, increased costs and other operational issues. These factors can vary significantly, and any amounts actually paid within twelve months of the balance sheet date may differ substantially from the amounts presently estimated to become payable within this period. In particular, copper price assumptions were set earlier in the year at levels above current spot prices and if the current copper price weakness were to continue, the amount payable within twelve months could reduce substantially or if spot prices continue for the rest of the year the amount payable within twelve months could be wholly eliminated with nil Excess Cash generated during 2019.

  As at 30 June 2019, no consideration has been paid as the Company has not generated any Excess Cash as per the Master Agreement (please refer to section 7 in the MD&A below for more detail).
- Cash flows from operating activities before changes in working capital were €11.7 million for Q2 2019 compared with €20.4 million during Q2 2018. In H1 2019, cash flows from operating activities before changes in working capital were €32.0 million compared with €35.6 million during H1 2018.
- Net cash flow used for investing activities amounted to €15.1 million and €32.3 million for Q2 2019 and H1 2019, respectively, compared to €12.6 million and €21.3 million for the same periods in the prior year. The cash outflows related mainly to expenditures on the expansion of Proyecto Riotinto.

Operational Highlights

Proyecto Riotinto

- Copper production during Q2 2019 was 10,889 tonnes, an increase of 4.2% compared with 10,446 tonnes produced during Q2 2018. Copper production for H1 2019 was 21,108 tonnes compared with 19,887 tonnes during H1 2018.
- Ore processed during Q2 2019 was 2,565,559 tonnes, an increase on Q2 2018 when ore processed amounted to 2,490,483 tonnes. Total ore processed during H1 2019 amounted to 5,011,536 tonnes (H1 2018: 4,697,344 tonnes).
- Copper recovery during the quarter improved to 88.72%, an increase over the 87.31% achieved in Q2 2018. For H1 2019 copper recovery was 89.47%, compared with 87.92% in H1 2018.
- The Group maintains its previously stated copper production guidance for 2019 of 45,000 – 46,500 tonnes.

Expansion to 15Mtpa at Proyecto Riotinto

- The 15Mtpa expansion project is now close to full commissioning and waiting for electricity capacity to be granted by the electricity supplier for mechanical completion. The new SAG mill and primary crusher have started initial testing and commissioning, while new flotation and concentrate handling areas have been completed and are operational.

Proyecto Touro

- Feedback from the relevant administrative bodies continues as part of the assessment of the Environmental Impact Studies and the Group is addressing additional requests to complement current management plans.

Legal updates

- On 29 March 2019, the Company announced that it had received notification from the Supreme Court in Spain that it did not have jurisdiction over the appeal made by the Junta de Andalucía ("JdA") and the Company and therefore the announced Ruling by the Tribunal Superior de Justicia de Andalucía ("TSJA") remains valid.

  On 26 April 2019, the Company announced that a judgment relating 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 in September 2018. The new ruling on the Mining Permits is based on the requirement to have an Autorizacion Ambiental Unificada ("AAU") before issuing mining permits and therefore invalidates the existing Mining Permits. The TSJA did not accept the requests by Ecologistas en Acion ("EeA") for the cessation of activities at the mine and an increase in the scope of the environmental plan.

  The Company was notified on 16 July 2019 that the JdA has started the administrative process to resolve the previously reported administrative issues identified by the TSJA relating to the Unified Environmental Declaration and the Mining Permits.

  The Company continues operating the mine normally and remains confident that the ongoing process carried out by the JdA will not impact its operations at Proyecto Riotinto.

Alberto Lavandeira, CEO commented:

"*A pleasing reduction in operating costs, combined with another robust quarterly production performance, helped the Company to minimise the impact of lower copper prices during the period. The expansion at Proyecto Riotinto is another example of management delivering a low capex intensity project and as it comes on line, we expect to continue this improvement in operating efficiencies.*"

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

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About Atalaya Mining Plc

Atalaya is an AIM and TSX-listed mining and development group which produces copper concentrates and silver by-product at its wholly owned Proyecto Riotinto site in southwest Spain. In addition, the Group has a phased, earn-in agreement for up to 80% ownership of Proyecto Touro, a brownfield copper project in the northwest of Spain which is currently in the permitting stage. For further information, visit www.atalayamining.com

Management's review

(All amounts in Euro thousands unless otherwise stated)
For the period ended 30 June 2019 and 2018

ATALAYA MINING PLC
MANAGEMENT'S REVIEW AND
INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
30 June 2019

Notice to Reader

The accompanying interim condensed consolidated financial statements of Atalaya Mining Plc have been prepared by and are the responsibility of Atalaya Mining Plc's management. The interim condensed consolidated financial statements have been reviewed by Atalaya's auditors in accordance with the International Standard on Review Engagements 2410 'Review of Interim Financial Information performed by the Independent Auditor of the Entity.

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 30 June 2019 and results of operations for the three and six months ended 30 June 2019 and 2018.

This report has been prepared as of 14 August 2019. The analysis, hereby included, is intended to supplement and complement the interim condensed consolidated financial statements and notes thereto ("Financial Statements") as at and for the period ended 30 June 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 interim condensed consolidated financial statements for the period ended 30 June 2018. These documents can be found on Atalaya's website at www.atalayamining.com.

Atalaya prepares its Annual Financial Statements in accordance with International Financial Reporting Standards ("IFRSs") and its Interim Condensed Consolidated Financial Statements in accordance with International Accounting Standards 34: Interim Financial Reporting. 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 and six months ended 30 June 2019 and 2018.

Units expressed in accordance with the international system of units (SI)	**Unit**	**Three months ended 30 June 2019**	Three months ended 30 June 2018	**Six months ended 30 June 2019**	Six months ended 30 June 2018
Ore mined	t	**2,781,264**	2,592,354	**5,331,249**	5,151,555
Ore processed	t	**2,565,559**	2,490,483	**5,011,536**	4,697,344
Copper ore grade	%	**0.48**	0.48	**0.47**	0.48
Copper concentrate grade	%	**22.51**	22.16	**22.99**	22.20
Copper recovery rate	%	**88.72**	87.31	**89.47**	87.92
Copper concentrate	t	**48,382**	47,140	**91,823**	89,568
Copper contained in concentrate	t	**10,889**	10,446	**21,108**	19,887
Payable copper contained in concentrate	t	**10,405**	9,975	**20,190**	18,991
Cash cost*	$/lb payable	**1.74**	1.88	**1.81**	2.07
All-in sustaining cost*	$/lb payable	**1.95**	2.34	**2.06**	2.49

(*) 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 Q2 2019 increased to 10,889 tonnes from 10,446 tonnes reported in Q2 2018, and 11,172 tonnes in Q4 2018, representing an increase and a decrease of 4.2% and 2.5%, respectively. Ore milled was higher than the previous quarter and in line with management's expectations. Copper head grade was in line with the previous quarter and with expectations. The increase in copper production during the quarter compared with Q2 2018 was driven by increased throughput and a higher average recovery of 88.72%.

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 m3 in Q2 2019, the same as in Q1 2019. Additional mining equipment is available on site in anticipation of the increase in production scheduled for H2 2019.

During Q2 2019, the Group sold 47,867 tonnes of concentrates, compared with 44,487 tonnes in Q4 2018 and 46,172 tonnes in Q2 2018. On-site concentrate inventories at the end of the quarter were approximately 3,451 tonnes. All concentrate in stock at the beginning of the quarter and produced during the quarter was delivered to the port at Huelva.

2. Overview of operational results (continued)

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

Six months operating review

Production of copper contained in concentrate during H1 2019 was 21,108 tonnes, compared with 19,887 tonnes in the same period of 2018. Payable copper in concentrates was 20,190 tonnes compared with 18,991 tonnes of payable copper in H1 2018.

Ore mined in H1 2019 was 5,331,249 tonnes compared to 5,151,555 tonnes during H1 2018. Ore processed was 5,011,536 tonnes versus 4,697,344 tonnes in H1 2018.

Ore grade during H1 2019 was 0.47% Cu compared with 0.48% Cu in H1 2018. Copper recovery was 89.47% versus 87.92% in H1 2018. Concentrate production amounted to 91,823 tonnes above H1 2018 production of 89,568 tonnes as increased throughput and recoveries offset the slightly lower grade.

Expansion to 15Mtpa at Proyecto Riotinto

The 15Mtpa expansion project is now close to full commissioning and waiting for electricity capacity to be granted by the electricity supplier for mechanical completion. The new SAG mill and primary crusher have started initial testing and commissioning, while new flotation and concentrate handling areas are finished and operational.

Proyecto Touro

Feedback from the relevant administrative bodies continues as part of the assessment of the Environmental Impact Studies and the Company is addressing additional requests to complement current management plans.

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. Given strong H1 cost performance, Atalaya will review its full year 2019 costs guidance during H2 2019.

4. Overview of the financial results

The following table presents summarised consolidated income statements for the three and six months ended 30 June 2019, with comparatives for the three and six months ended 30 June 2018.

(Euro 000's)	Three months ended 30 June 2019	Three months ended 30 June 2018	Six months ended 30 June 2019	Six months ended 30 June 2018
Revenue	**43,070**	48,867	**94,782**	101,543
Total operating costs	**(28,254)**	(27,986)	**(58,333)**	(64,412)
Administrative and other expenses	**(1,465)**	(1,000)	**(3,382)**	(2,053)
Exploration expenses	**(1,201)**	(214)	**(1,402)**	(413)
Care and maintenance expenditure	**(116)**	(281)	**(121)**	(281)
EBITDA	**12,034**	19,386	**31,544**	34,384
Depreciation/amortisation	**(3,745)**	(2,210)	**(7,171)**	(6,310)
Net foreign exchange gain/(loss)	**(426)**	932	**287**	1,102
Net finance cost	**(35)**	(112)	**(66)**	(119)
Tax	**(979)**	(2,294)	**(3,590)**	(4,565)
Profit for the period	**6,849**	15,702	**21,004**	24,492

Three months financial review

Revenues for the three month period ended 30 June 2019 amounted to €43.1 million (Q2 2018: €48.9 million). Lower revenues, compared with the same quarter in the previous year, were mainly driven by lower copper prices offset to some extent by stronger average US Dollar rates against the Euro and slightly higher volumes sold during the period.

Realised prices were $2.81/lb copper during Q2 2019 compared with $3.12/lb copper in Q2 2018. All concentrates were sold under offtake agreements in place.

Operating costs for the three month period ended 30 June 2019 amounted to €28.3 million, compared with €28.0 million in Q2 2018. In absolute terms, higher operating costs were mainly due to more tonnes being mined and processed during the quarter at lower unit costs. In addition, the Company incurred some implementation costs for the updated collective bargaining agreement.

Cash costs of $1.74/lb payable copper during Q2 2019 compared with $1.88lb payable copper in the same period last year. Cash costs were impacted by lower processing, technical services and maintenance unit costs compared with Q2 2018. Additionally, capitalised stripping costs during Q2 2019 amounted to €0.1 million compared with €3.4 million in Q2 2018. All-in sustaining costs in the reporting quarter were $1.95/lb payable copper compared with $2.34/lb payable copper in Q2 2018. Lower AISC compared with Q2 2018 mainly related to lower sustaining capex and capitalised stripping costs.

Sustaining capex for Q2 2019 amounted to €1.3 million compared with €2.5 million in Q2 2018. Sustaining capex related to the continuous improvement in processing systems of the plant and enhancements in security.

Administrative and other expenses amounted to €1.5 million (Q2 2018: €1.0 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 30 June 2019 amounted to €1.2 million (Q2 2018: €0.2 million). All exploration costs at Proyecto Touro are capitalised. Higher costs relate to an upturn in drillings and explored ground.

EBITDA for the three months ended 30 June 2019 amounted to €12.0 million compared with Q2 2018 of €19.4 million.

The main item below the EBITDA line is depreciation and amortisation of €3.8 million (Q2 2018: €2.2 million). Net financing costs for Q2 2019 amounted to €0.1 million same as Q2 2018.

4. Overview of the financial results (continued)

Six months financial review

Revenues for the six-month period ended 30 June 2019 amounted to €94.8 million (H1 2018: €101.5 million).

Copper concentrate production during the six month period ended 30 June 2019 was 91,823 tonnes (H1 2018: 89,568 tonnes) with 93,039 tonnes of copper concentrates sold in the period (H1 2018: 94,854 tonnes). Inventories of concentrates as at the reporting date were 3,451 tonnes (31 Dec 2018: 4,667 tonnes).

Realised copper prices for H1 2019 were $2.80/lb copper compared with $3.08/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.

Operating costs for the six-month period ended 30 June 2019 amounted to €58.3 million, compared with €64.4 million in H1 2018. Lesser costs in 2019 were mainly attributable to: (i) reduction of €3.5 million cost of sales as the inventory decreased in ca. 4,170 tonnes less than in H1 2018; (ii) reduction of €0.9 million in agency fees as result of the decrease in market copper prices and; (iii) a €0.7 million reduction in operating machinery expenses.

Cash costs of $1.81/lb payable copper during H1 2019 compare with $2.07/lb payable copper in the same period last year. Lower costs were mainly due by lower processing, technical services and maintenance costs compared with H1 2018. All-in sustaining costs in the reporting quarter were $2.06/lb payable copper compared with $2.49/lb payable copper in H1 2018. Lower AISC compared with H1 2018 mostly related to lesser sustaining capex and capitalised stripping costs.

Sustaining capex for the six month period amounted to €2.9 million, compared with €5.2 million in the same period in the previous year. Sustaining capex related to enhancements in processing systems.

Corporate costs for the first six month of 2019 were €3.4 million, compared with €2.1 million in H1 2018. Corporate costs mainly include Company's overhead expenses.

Exploration costs related to Proyecto Riotinto for the six-month period ended 30 June 2019 amounted to €1.4 million, compared with €0.4 million in H1 2018. Higher costs relate to an upturn in drillings and explored ground.

EBITDA for the six months ended 30 June 2019 amounted to €31.5 million, compared with €34.4 million in H1 2018.

Depreciation and amortisation amounted to €7.2 million for the six-month period ended 30 June 2019 (H1 2018: €6.3 million).

Net finance costs for H1 2019 amounted to €0.1 million (H1 2018 €0.1 million).

Copper prices

The average realised copper price decreased by 10.3% from US$3.12 per pound in Q2 2018 to US$2.81 per pound in Q2 2019.

The average prices of copper for the three months ended 30 June 2019 and 2018 are summarised below:

(USD)	Three months ended 30 June 2019	Three months ended 30 June 2018	Six months ended 30 June 2019	Six months ended 30 June 2018
Realised copper price per lb	**2.81**	3.12	**2.80**	3.08
Market copper price per lb	**2.77**	3.12	**2.80**	3.14

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. Higher 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 higher. The realised price of shipments during the quarter excluding QP was approximately $2.76/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 30 June 2019 and 31 December 2018.

Liquidity information

(Euro 000's)	**30 June 2019**	31 December 2018
Unrestricted cash and cash equivalents at Group level	**8,317**	24,357
Unrestricted cash and cash equivalents at Operational level	**6,926**	8,463
Restricted cash	**250**	250
Working capital (deficit) / surplus	**(18,391)**	8,435

Unrestricted cash and cash equivalents as at 30 June 2019 decreased to €15.2 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 30 June 2019 and mainly relates to deposit bond guarantees.

As of 30 June 2019, Atalaya reported a working capital deficit of €18.4 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 and the estimated short term portion of the Deferred Consideration to Astor (Paragraph 7). At 30 June 2019, trade payables have been reduced by circa 8% compared with the same period last year.

6. Liquidity and capital resources (continued)

Overview of the Group's cash flows

(Euro 000's)	**Three months ended 30 June 2019**	Three months ended 30 June 2018	**Six months ended 30 June 2019**	Six months ended 30 June 2018
Cash flows from operating activities	**6,856**	10,837	**14,970**	29,214
Cash flows used in investing activities	**(15,137)**	(12,549)	**(32,275)**	(21,290)
Cash flows from financing activities	**(272)**	545	**(272)**	593
Net (decrease)/increase in cash and cash equivalents	**(8,553)**	(1,167)	**(17,577)**	8,517

Three months cash flows review

Cash and cash equivalents decreased by €8.6 million during the three months ended 30 June 2019. This was due to the net results of cash from operating activities amounting to €6.9 million, the cash used in investing activities amounting to €15.1 million and the cash from financing activities totalling €0.3 million.

Cash generated from operating activities before working capital changes was €11.7 million. Atalaya decreased its trade receivables in the period by €0.1 million, increased its inventory levels by €1.3 million and decreased its trade payables by €1.6 million.

Investing activities during the quarter consumed €15.1 million, relating mainly to the expansion project Capex and sustaining Capex mostly in enhancements in the plant's processing systems.

Six months cash flows review

Cash and cash equivalents decreased by €17.6 million during the six months ended 30 June 2019. This was due to cash from operating activities amounting to €15.0 million, cash used in investing activities amounting to €32.3 million and cash from financing activities amounting to €0.3 million.

Cash generated from operating activities before working capital changes was €32.0 million. Atalaya decreased its trade payables in the period by €2.7 million, as well as its inventory levels by €0.6 million and increased its trade receivable balances by €11.8 million.

Investing activities during the six-month period amounted to €32.3 million, mainly relating to the expansion project Capex and sustaining Capex.

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 and six months ended 30 June 2019, Atalaya recognised a foreign exchange (loss)/profit of €(0.4) million and €0.3 million, respectively. Foreign exchange losses mainly related to changes in the period in EUR and USD conversion rates, as all sales are cashed and occasionally held in USD.

6. Liquidity and capital resources (continued)

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

	Three months ended 30 June 2019	Three months ended 30 June 2018	**Six months ended 30 June 2019**	Six months ended 30 June 2018
Average rates for the periods				
GBP – EUR	**0.8748**	0.8762	**0.8736**	0.8798
USD – EUR	**1.1237**	1.1915	**1.1298**	1.2104
Spot rates as at				
GBP – EUR	**0.8966**	0.8861	**0.8966**	0.8861
USD – EUR	**1.1380**	1.1658	**1.1380**	1.1658

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).

As at 30 June 2019, no consideration has been paid as the Company has not generated any Excess Cash as per the Master Agreement.

"Excess cash" is not defined in the Master Agreement leaving ambiguity as to how it is to be calculated. The Company regularly revisits its assessment on when the Deferred Consideration will become payable and at the date of the balance sheet has classified the €53 million liability recognised by the Group between current liabilities and non-current liabilities, accordingly.

Timing and quantum of payments will be estimated depending on the future key variables such as methodology for the calculation, definition of “Project”, the price of copper and the US Dollar and Euro exchanges rates, timing of sustaining capital expenditures, increased costs and other operational issues. These factors can vary significantly, and any amounts actually paid within twelve months of the balance sheet date may differ substantially from the amounts presently estimated to become payable within this period. In particular, copper price assumptions were set earlier in the year at levels above current spot prices and if the current copper price weakness were to continue, the amount payable within twelve months could reduce substantially or if spot prices continue for the rest of the year the amount payable within twelve months could be wholly eliminated with nil Excess Cash generated during 2019.

The effect of discounting remains insignificant, in line with the 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 by means of Fundación Atalaya Riotinto ("the Foundation").

Continuing its work in education and entrepreneurship, the Foundation has sponsored a regional music contest, with the participation of hundreds of young players from the official Music Schools; Atalaya has also sponsored the Cultural Week of the Nerva´s Adults School; and has continued the school visits programme of the mining region to Atalaya´s facilities.

The Foundation is progressing with the second edition of "el Reto Malacate": an initiative to reward the best business project to be settled in the region.

In co-operation with the business association, it has sponsored a gastronomic event to promote the local restaurants and attract tourism. In co-ordination with the City Hall of Nerva, the Foundation has agreed to provide the necessary funding for the reconstruction of a road that connects the town with some populated suburbs away from the town.

The Foundation has also reached agreements with the association of retired workers of Riotinto Mine (that represent more than 200 people) to support the funding of some of their activities. The agreement includes a site tour for the members. The Foundation has taken part as sponsor in a charitable Golf Tournament for the benefit of Huelva´s Food Bank.

9. Health and safety

During the second quarter of 2019, the safety leadership for management programme was carried out to develop the training in communication and safety skills.

Likewise, Atalaya has already established the Emergency Brigade, formed by volunteer workers. This team has established a site and has begun training in the field of fire protection.

Regarding other lines of work such as accident investigation and root cause analysis, safety meetings with contractor companies, measurements of contaminants or risk assessments, are running smoothly. Additionally, the Health & Safety department performed two emergency drills at the mine area and the chemical plant.

10. Environmental management

During the second 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:

- Forest fire preventive measures have been completed. Approx. 64 km of firebreak were finalised and ca. 130 hectares of forest were cleared.
- An increase in air emissions compared with the previous year was recorded during the quarter. Though the level of emissions remains under the specified limits, the Company carried out new preventive actions to monitor the mine site and the processing plant.
- The first stage to integrate the quality management system (ISO 9001, ISO 14001 y OHSAS 18001) through the audit certification has been performed during the quarter.

Archaeological excavation work has continued at the Look Out. In June, the excavation reached the last archaeological level and consequently the archaeological dig is about to end as planned.

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. The impact of adopting IFRS 16 Leases which became effective on 1 January 2019 is set out in Note 2.2 to the Interim Condensed Consolidated Financial Statements.

13. Other information

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

Interim condensed consolidated financial statements on pages 12 to 34.

By Order of the Board of Directors,

Roger Davey
Chairman
Nicosia, 14 August 2019

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF ATALAYA MINING PLC

Introduction

We have reviewed the interim condensed consolidated financial statements of Atalaya Mining Plc (the "Company"), and its subsidiaries (collectively referred to as "the Group") on pages 12 to 34 contained in the accompanying interim report, which comprise the interim condensed consolidated statement of financial position as at 30 June 2019 and the interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the period then ended and selected explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting* (IAS 34). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements do not present fairly, in all material respects, the financial position of the entity as at 30 June 2019 and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting* (IAS 34).

Stavros Pantzaris

Certified Public Accountant and Registered Auditor
for and on behalf of

Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors

Nicosia
14 August 2019

Interim Condensed Consolidated Income Statements

(All amounts in Euro thousands unless otherwise stated)
For the period ended 30 June 2019 and 2018

(Euro 000's)	Notes	Three months ended 30 June 2019*	Three months ended 30 June 2018	Six months ended 30 June 2019*	Six months ended 30 June 2018
Revenue	4	**43,070**	48,867	**94,782**	101,543
Operating costs and mine site administrative expenses		**(28,201)**	(27,953)	**(58,227)**	(64,345)
Mine site depreciation and amortization		**(3,744)**	(2,210)	**(7,170)**	(6,310)
Gross profit		**11,125**	18,704	**29,385**	30,888
Administration and other expenses		**(1,465)**	(995)	**(3,382)**	(2,044)
Share-based benefits		**(54)**	(38)	**(107)**	(76)
Exploration expenses		**(1,201)**	(214)	**(1,402)**	(413)
Care and maintenance expenditure		**(116)**	(281)	**(121)**	(281)
Operating profit		**8,289**	17,176	**24,373**	28,074
Net foreign exchange (loss)/gain		**(426)**	932	**287**	1,102
Net finance costs	5	**(35)**	(112)	**(66)**	(119)
Profit before tax		**7,828**	17,996	**24,594**	29,057
Tax		**(979)**	(2,294)	**(3,590)**	(4,565)
Profit for the period		**6,849**	15,702	**21,004**	24,492
Profit for the period attributable to:					
- Owners of the parent		**6,954**	15,901	**21,115**	24,758
- Non-controlling interests		**(105)**	(199)	**(111)**	(266)
		6,849	15,702	**21,004**	24,492
Earnings per share from operations attributable to equity holders of the parent during the period:					
Basic earnings per share (EUR cents per share)	6	**5.1**	11.7	**15.4**	18.2
Fully diluted earnings per share (EUR cents per share)	6	**5.1**	11.6	**15.3**	18.0
Profit for the period					
Other comprehensive income:		**6,849**	15,702	**21,004**	24,492
Change in fair value of financial assets through other comprehensive income 'OCI'		**(17)**	(18)	**(12)**	(15)
Total comprehensive income for the period		**6,832**	15,684	**20,992**	24,477
Total comprehensive income for the period attributable to:					
- Owners of the parent		**6,937**	15,883	**21,103**	24,743
- Non-controlling interests		**(105)**	(199)	**(111)**	(266)
		6,832	15,684	**20,992**	24,477

* Refer to Note 2.2 Adoption of "IFRS 16 - Leases"

The notes on pages 16 to 34 are an integral part of these Interim Condensed Consolidated Financial Statements.

Interim Condensed Consolidated Statement of Financial Position

(All amounts in Euro thousands unless otherwise stated)
As at 30 June 2019 and 2018

(Euro 000's)	Note	30 June 2019*	31 December 2018
Assets			
Non-current assets			
Property, plant and equipment	7	**289,999**	257,376
Intangible assets	8	**70,989**	71,951
Trade and other receivables	10	**250**	249
Deferred tax asset		**7,841**	7,927
		369,079	337,503
Current assets			
Inventories	9	**11,378**	10,822
Trade and other receivables	10	**36,220**	23,688
Other financial assets		**60**	71
Cash and cash equivalents		**15,493**	33,070
		63,151	67,651
Total assets		**432,230**	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	**22,092**	12,791
Accumulated losses		**(46,399)**	(58,308)
		303,384	282,174
Non-controlling interests		**4,089**	4,200
Total equity		**307,473**	286,374
Liabilities			
Non-current liabilities			
Trade and other payables	13	**23**	45
Provisions	14	**6,682**	6,519
Leases	15	**5,846**	-
Deferred consideration	16	**30,664**	53,000
		43,215	59,564
Current liabilities			
Trade and other payables	13	**54,630**	57,271
Leases	15	**307**	-
Current tax liabilities		**4,269**	1,945
Deferred consideration	16	**22,336**	
		81,542	59,216
Total liabilities		**124,757**	118,780
Total equity and liabilities		**432,230**	405,154

* Refer to Note 2.2 Adoption of "IFRS 16 - Leases"

The notes on pages 16 to 34 are an integral part of these Interim Condensed Consolidated Financial Statements. The interim condensed consolidated financial statements were authorised for issue by the Board of Directors on 14 August 2019 and were signed on its behalf.

Roger Davey
Chairman

Alberto Lavandeira
Managing Director

Interim Condensed Consolidated Statements of Changes in Equity

(All amounts in Euro thousands unless otherwise stated)
For the period ended 30 June 2019 and 2018

(Euro 000's)	Share capital	Share premium[(1)]	Other reserves[(2)]	Accum. losses	Total	Non-controlling interest	Total equity
At 1 January 2019	**13,372**	**314,319**	**12,791**	**(58,308)**	**282,174**	**4,200**	**286,374**
Profit for the period	**-**	**-**	**-**	**21,115**	**21,115**	**(111)**	**21,004**
Change in fair value of financial assets through OCI	**-**	**-**	**(12)**	**-**	**(12)**	**-**	**(12)**
Total comprehensive income	**-**	**-**	**(12)**	**21,115**	**21,103**	**(111)**	**20,992**
Transactions with owners							
Recognition of share-based payments	**-**	**-**	**107**	**-**	**107**	**-**	**107**
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 30 June 2019	**13,372**	**314,319**	**22,092**	**(46,399)**	**303,384**	**4,089**	**307,473**

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

(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	-	-	-	24,758	24,758	(266)	24,492
Change in fair value of financial assets through OCI	-	-	(15)	-	(15)	-	(15)
Total comprehensive income	-	-	(15)	24,758	24,743	(266)	24,477
Transactions with owners							
Issue of share capital	180	4,747	-	-	4,927	-	4,927
Share issue costs	-	(5)	-	-	(5)	-	(5)
Depletion factor	-	-	5,050	(5,050)	-	-	-
Recognition of share-based payments	-	-	76	-	76	-	76
Recognition of non-distributable reserve	-	-	1,446	(1,446)	-	-	-
At 30 June 2018	13,372	314,319	12,694	(68,265)	272,120	4,208	276,328

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

(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	-	-	-	34,715	34,715	(274)	34,441
Change in fair value of financial assets through OCI	-	-	(58)	-	(58)	-	(58)
Total comprehensive income	-	-	(58)	34,715	34,657	(274)	34,383
Transactions with owners							
Issue of share capital	180	4,747	-	-	4,927	-	4,927
Share issue costs	-	(5)	-	-	(5)	-	(5)
Depletion factor	-	-	5,050	(5,050)	-	-	-
Recognition of share-based payments	-	-	216	-	216	-	216
Recognition of non-distributable reserve	-	-	1,446	(1,446)	-	-	-
At 31 December 2018	13,372	314,319	12,791	(58,308)	282,174	4,200	286,374

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

The notes on pages 16 to 34 are an integral part of these Interim Condensed Consolidated Financial Statements.

Interim Condensed Consolidated Statement of Cash Flows

(All amounts in Euro thousands unless otherwise stated)
For to the period ended 30 June 2019 and 2018

(Euro 000's)	Notes	Three months ended 30 June 2019*	Three months ended 30 June 2018	Six months ended 30 June 2019*	Six Months ended 30 June 2018
Cash flows from operating activities					
Profit before tax		**7,828**	17,996	**24,594**	29,057
Adjustments for:					
Depreciation of property, plant and equipment	7	**2,886**	1,666	**5,490**	4,736
Amortisation of intangibles	8	**859**	544	**1,681**	1,574
Recognition of share-based payments	12	**54**	38	**107**	76
Interest income	5	**(13)**	(19)	**(16)**	(39)
Interest expense	5	**19**	104	**23**	105
Unwinding of discounting	5	**29**	27	**59**	53
Legal provisions	14	**(20)**	-	**(18)**	-
Loss in disposal of property, plant and equipment	7	**-**	-	**2**	-
Unrealised foreign exchange loss on financing activities		**27**	49	**26**	4
Cash inflows from operating activities before working capital changes		**11,669**	20,405	**31,948**	35,566
Changes in working capital:					
Inventories	9	**(1,300)**	264	**(556)**	4,344
Trade and other receivables	10	**100**	495	**(11,761)**	(461)
Trade and other payables	13	**(1,619)**	(8,836)	**(2,663)**	(8,760)
Deferred consideration	16	**-**	-	**-**	17
Cash flows from operations		**8,850**	12,328	**16,968**	30,706
Interest paid		**(15)**	(104)	**(19)**	(105)
Tax paid		**(1,979)**	(1,387)	**(1,979)**	(1,387)
Net cash from operating activities		**6,856**	10,837	**14,970**	29,214
Cash flows from investing activities					
Purchase of property, plant and equipment		**(14,874)**	(12,204)	**(31,572)**	(20,484)
Purchase of intangible assets	8	**(276)**	(364)	**(719)**	(845)
Interest received	5	**13**	19	**16**	39
Net cash used in investing activities		**(15,137)**	(12,549)	**(32,275)**	(21,290)
Cash flows from financing activities					
Proceeds from issue of share capital		**-**	550	**-**	598
Issuance costs		**-**	(5)	**-**	(5)
Lease payment	15	**(268)**	-	**(268)**	-
Interest expense on lease liabilities	15	**(4)**	-	**(4)**	-
Net cash flows from financing activities		**(272)**	545	**(272)**	593
Net (decrease) / increase in cash and cash equivalents		**(8,553)**	(1,167)	**(17,577)**	8,517
Cash and cash equivalents:					
At beginning of the period		**24,046**	52,540	**33,070**	42,856
At end of the period		**15,493**	51,373	**15,493**	51,373

The notes on pages 16 to 34 are an integral part of these Interim Condensed Consolidated Financial Statements.

Notes to the Interim Condensed Consolidated Financial Statements

(All amounts in Euro thousands unless otherwise stated)
For the period ended 30 June 2019 and 2018

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 30 June 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 up to 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 Europe and internationally.

2. Basis of preparation and accounting policies

2.1 Basis of preparation

(a) Overview

The Interim Condensed Consolidated Financial Statements for the period ended 30 June 2019 have been prepared in accordance with International Accounting Standards 34: Interim Financial Reporting.

These interim condensed consolidated financial statements 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 Group for the year ended 31 December 2018, other than as described in Note 2.2 for the changes in accounting policies. These interim condensed consolidated financial statements do not include all of the information and disclosures required in the annual financial statements, and accordingly, should be read in conjunction with the Group's annual consolidated financial statements, which have been prepared in accordance with IFRS and is set out in the Group's Annual Report for the year ended 31 December 2018.

These interim condensed consolidated financial statements for the period ended 30 June 2019 have been reviewed in accordance with the International Standard on Review Engagements 2410 'Review of Interim Financial Information performed by the Independent Auditor of the Entity' by the Group's external auditors, not audited.

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

2.1 Basis of preparation (cont.)

(b) Going concern

These interim condensed 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.

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.

2.2 Changes in accounting policies 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 for the first time from 1 January 2019. As required by IAS 34, 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 interim condensed 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.

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

2.2 Changes in accounting policies and disclosures (cont.)

IFRS 16 – Leases (cont.)

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:

(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	7	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	15	-	5,609	5,609
Current liabilities				
Leases	15	-	534	534

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.

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

2.2 Changes in accounting policies and disclosures (cont.)

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 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. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, an extension or a termination option.

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

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

2.2 Changes in accounting policies and disclosures (cont.)

b) Accounting policy in terms of IFRS 16 (cont.)

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:

	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	(177)	(7)	(6)	(190)	-
Interest expense	-	-	-	-	4
Payments	-	-	-	-	(272)
As at 30 June 2019	5,908	52	271	6,231	6,153

Set out below, are the amounts recognised in profit or loss:

(Euro 000's)	Six months ended 30 June 2019	Six months ended 30 June 2018
As at 31 December 2018		
Depreciation expense of right-of-use assets	190	-
Interest expense on lease liabilities	4	-
Total amounts recognised in profit or loss	194	-

The Group recognised rent expense from short-term leases

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

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).

Financial assets or liabilities (Euro 000's)	Level 1	Level 2	Level 3	Total
30 June 2019				
Other financial assets				
Financial assets at FV through OCI	**60**	**-**	**-**	**60**
Trade and other receivables				
Receivables (subject to provisional pricing)	**-**	**16,852**	**-**	**16,852**
Total	**60**	**16,852**	**-**	**16,912**
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 interim condensed consolidated financial statements require 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, as well as Note 2.2(b) of these interim condensed consolidated 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 agreements (Note 19.3)

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 30 June 2019*				
Revenue – from external customers	**3,360**	**39,710**	**-**	**43,070**
Earnings/(loss) Before Interest, Tax, Depreciation and Amortisation (EBITDA)	**1,679**	**10,923**	**(568)**	**12,034**
Depreciation/amortisation charge	**(1)**	**(3,744)**	**-**	**(3,745)**
Net foreign exchange (loss) / gain	**(280)**	**(144)**	**(2)**	**(426)**
Finance income	**-**	**13**	**-**	**13**
Finance cost	**(1)**	**(47)**	**-**	**(48)**
Profit/(loss) before tax	**1,397**	**7,001**	**(570)**	**7,828**
Tax				**(979)**
Profit for the period				**6,849**
Six months ended 30 June 2019*				
Revenue – from external customers	**6,685**	**88,097**	**-**	**94,782**
Earnings/(loss) Before Interest, Tax, Depreciation and Amortisation (EBITDA)	**3,382**	**28,823**	**(661)**	**31,544**
Depreciation/amortisation charge	**(1)**	**(7,170)**	**-**	**(7,171)**
Net foreign exchange gain/(loss)	**167**	**122**	**(2)**	**287**
Finance income	**-**	**16**	**-**	**16**
Finance cost	**(1)**	**(81)**	**-**	**(82)**
Profit/(loss) before tax	**3,547**	**21,710**	**(663)**	**24,594**
Tax				**(3,590)**
Profit for the period				**21,004**
Total assets	**26,869**	**404,667**	**694**	**432,230**
Total liabilities	**(14,777)**	**(109,352)**	**(628)**	**(124,757)**
Depreciation of property, plant and equipment	**1**	**5,489**	**-**	**5,490**
Amortisation of intangible assets	**-**	**1,681**	**-**	**1,681**
Total additions of non-current assets	**1**	**38,747**	**-**	**38,748**

*Refer to Note 2.2 Adoption of "IFRS 16 - Leases"

3. Business and geographical segments (cont.)

Geographical segments (cont.)

(Euro 000's)	Cyprus	Spain	Other	Total
Three months ended 30 June 2018[(1)]				
Revenue – from external customers	48,867	-	-	48,867
Earnings/(loss) Before Interest, Tax, Depreciation and Amortisation (EBITDA)	46,779	(27,404)	11	19,386
Depreciation/amortisation charge	-	(2,210)	-	(2,210)
Net foreign exchange gain/(loss)	433	499	-	932
Finance income	19	-	-	19
Finance cost	(1)	(130)	-	(131)
Profit/(loss) before tax	47,230	(29,245)	11	17,996
Tax				(2,294)
Profit for the period				15,702
Six months ended 30 June 2018[(1)]				
Revenue – from external customers	101,543	-	-	101,543
Earnings/(loss) Before Interest, Tax, Depreciation and Amortisation (EBITDA)	96,490	(62,112)	6	34,384
Depreciation/amortisation charge	-	(6,310)	-	(6,310)
Net foreign exchange gain/(loss)	887	215	-	1,102
Finance income	39	-	-	39
Finance cost	(1)	(157)	-	(158)
Profit/(loss) before tax	97,415	(68,364)	6	29,057
Tax				(4,565)
Profit for the period				24,492
Total assets	61,389	335,437	300	397,126
Total liabilities	(11,988)	(108,755)	(55)	(120,798)
Depreciation of property, plant and equipment	-	4,736	-	4,736
Amortisation of intangible assets	-	1,574	-	1,574
Total additions of non-current assets	-	26,167	-	26,167

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

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)		**Six months ended 30 June 2019**		Six months ended 30 June 2018
	Segment	**€'000**	Segment	€'000
Offtaker 1	**Copper**	**20,652**	**Copper**	17,712
Offtaker 2	**Copper**	**29,681**	**Copper**	51,153
Offtaker 3	**Copper**	**44,449**	**Copper**	32,678

4. Revenue

(Euro 000's)	Three months ended 30 June 2019	Three months ended 30 June 2018	Six months ended 30 June 2019	Six months ended 30 June 2018
Revenue from contracts with customers	**45,774**	49,599	**93,992**	102,421
Fair value (losses)/gains relating to provisional pricing within sales (1)	**(2,704)**	(732)	**790**	(878)
Total revenue	**43,070**	48,867	**94,782**	101,543

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) Within H1 2019 revenue there is a transaction price related to the freight services provided by the Group.

(2) 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 30 June 2019	Three months ended 30 June 2018	Six months ended 30 June 2019	Six months ended 30 June 2018
Interest expense:				
Other interest	**15**	104	**19**	105
Interest expense on lease liabilities	**4**	-	**4**	-
Unwinding of discount on mine rehabilitation provision (Note 14)	**29**	27	**59**	53
Interest income[1]	**(13)**	(19)	**(16)**	(39)
	35	112	**66**	119

[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 30 June 2019	Three months ended 30 June 2018	Six months ended 30 June 2019	Six months ended 30 June 2018
Profit attributable to equity holders of the parent	**6,954**	15,901	**21,115**	24,758
Weighted number of ordinary shares for the purposes of basic earnings per share (000's)	**137,339**	136,159	**137,339**	136,159
Basic profit/(loss) per share (EUR cents/share)	**5.1**	11.7	**15.4**	18.2
Weighted number of ordinary shares for the purposes of fully diluted earnings per share (000's)	**138,680**	137,505	**138,419**	137,505
Fully diluted profit per share (EUR cents/share)	**5.1**	11.6	**15.3**	18.0

At 30 June 2019 there are nil warrants (Note 11) and 2,313,000 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 2019.

7. Property, plant and equipment

(Euro 000's)	Land and buildings [1]	Right-of-use assets [5]	Plant and machinery	Assets under construction [2]	Deferred mining costs [3]	Other assets [4]	Total
Cost							
At 1 January 2018	40,995	-	145,402	11,445	22,317	785	220,944
Additions	4,842[1]	-	1,490	15,352	3,732	-	25,416
Reclassifications	-	-	1,579	(1,579)	-	-	-
At 30 June 2018	45,837	-	148,471	25,218	26,049	785	246,360
Additions	16[1]	-	834	40,307	1,488	-	42,645
Reclassifications	-	-	3,515	(3,515)	-	-	-
At 31 December 2018	**45,853**	**-**	**152,820**	**62,010**	**27,537**	**785**	**289,005**
Adoption of IFRS 16[5]	**-**	**6,144**	**-**	**-**	**-**	**-**	**6,144**
At 1 January 2019	**45,853**	**6,144**	**152,820**	**62,010**	**27,537**	**785**	**295,149**
Additions	**166**	**277**	**272**	**30,410**	**845**	**1**	**31,971**
Disposals	**-**	**-**	**-**	**-**	**-**	**(5)**	**(5)**
Reclassifications	**-**	**-**	**183**	**(183)**	**-**	**-**	**-**
At 30 June 2019	**46,019**	**6,421**	**153,275**	**92,237**	**28,382**	**781**	**327,115**
Depreciation							
At 1 January 2018	4,076	-	13,465	-	3,469	476	21,486
Charge for the period	879	-	3,138	-	550	169	4,736
At 30 June 2018	4,955	-	16,603	-	4,019	645	26,222
Charge for the period	1,117	-	3,712		662	(84)	5,407
At 31 December 2018	**6,072**	-	**20,315**	**-**	**4,681**	**561**	**31,629**
Charge for the period	**1,048**	**190**	**3,543**	**-**	**677**	**32**	**5,490**
Disposals	**-**	-	-	**-**	**-**	**(3)**	**(3)**
At 30 June 2019	**7,120**	**190**	**23,858**	**-**	**5,358**	**590**	**37,116**
Net book value							
At 30 June 2019	**38,899**	**6,231**	**129,417**	**92,237**	**23,024**	**191**	**289,999**
At 31 December 2018	39,781	-	132,505	62,010	22,856	224	257,376

[1] Mine rehabilitation assets and Rumbo Royalty Buyout.
[2] Assets under construction at 30 June 2019 were €92.2 million (2018: €62.0 million) which include the capitalisation of costs related to the Expansion Project and sustaining capital expenditures.
[3] Stripping costs
[4] Includes motor vehicles, furniture, fixtures and office equipment which are depreciated over 5-10 years.
[5] Refer to Note 2.2 Adoption of "IFRS 16 - Leases"

The above fixed assets are mainly located in Spain.

8. Intangible assets

(Euro 000's)	Permits of Rio Tinto Project [(1)]	Licences, R&D and software	Total
Cost			
At 1 January 2018	76,521	4,505	81,026
Additions	17	828	845
At 30 June 2018	76,538	5,333	81,871
Additions	-	1,648	1,648
Disposals	-	(955)	(955)
At 31 December 2018	**76,538**	**6,026**	**82,564**
Additions	**-**	**719**	**719**
At 30 June 2019	**76,538**	**6,745**	**83,283**
Amortisation			
On 1 January 2018	7,145	181	7,326
Charge for the period	1,543	31	1,574
At 30 June 2018	8,688	212	8,900
Charge for the period	1,682	31	1,713
At 31 December 2018	**10,370**	**243**	**10,613**
Charge for the period	**1,650**	**31**	**1,681**
At 30 June 2019	**12,020**	**274**	**12,294**
Net book value			
At 30 June 2019	**64,518**	**6,471**	**70,989**
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 €2.4 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 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. 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 30 June 2019 and thus no impairment has been recognised.

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.

9. Inventories

(Euro 000's)	30 June 2019	31 Dec 2018
Finished products	**2,398**	2,955
Materials and supplies	**7,922**	7,381
Work in progress	**1,058**	486
	11,378	10,822

As of 30 June 2019, copper concentrate produced and not sold amounted to 3,451 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 €65.5 million (H1 2018: €70.7 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)	30 June 2019	31 Dec 2018
Non-current		
Deposits	**250**	249
	250	249
Current		
Trade receivables at fair value – *subject to provisional pricing*	**10,695**	4,498
Trade receivables from shareholders at fair value – *subject to provisional pricing* (Note 19.3)	**6,157**	2,461
Other receivables from related parties at amortised cost (Note 19.3)	**56**	56
Deposits	**24**	26
VAT receivable	**13,051**	13,691
Tax refundable	**28**	-
Tax advances	**1,979**	1,208
Prepayments	**2,374**	688
Other current assets	**1,856**	1,060
	36,220	23,688
Allowance for expected credit losses	**-**	-
Total current trade and other receivables	**36,220**	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
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 30 June 2018 / 31 December 2018 / 30 June 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 six months ended 30 June 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 30 June 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	76	-	-	-	-	-	-	76
Recognition of non-distributable reserve	-	-	-	-	-	1,446	-	1,446
Change in fair value of financial assets at fair value through OCI	-	-	-	-	(15)	-	-	(15)
At 30 June 2018	6,612	208	5,500	-	(1,072)	1,446	-	12,694
Recognition of share-based payments	140	-	-	-		-	-	140
Change in fair value of financial assets at fair value through OCI	-	-	-	-	(43)	-	-	(43)
At 31 December 2018	**6,752**	**208**	**5,500**	**-**	**(1,115)**	**1,446**	-	**12,791**
Recognition of share-based payments	**107**	**-**	**-**	-	**-**	**-**	**-**	**107**
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	**-**	**-**	**-**	-	**(12)**	**-**	-	**(12)**
At 30 June 2019	**6,859**	**208**	**10,878**	**-**	**(1,127)**	**3,430**	**1,844**	**22,092**

12. Other reserves (continued)

(1) Depletion factor reserve
At 30 June 2019, the Group has disposed €5,378k (H1 2018:€5,050k) as a depletion factor reserve as per 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
As required by the Spanish Corporate Tax Act, the Group has 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.

(5) Distributable reserve
As result of the 2018 profit generated in Atalaya Riotinto Minera, the Group decided to record a distributable reserve in order to comply with the Spanish Corporate Tax Act.

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 30 June 2019:

	Number of share options 000's
Outstanding options at 1 January 2019	**1,313**
- Expired during the reporting period	**(500)**
- Granted during the reporting period [1]	**1,500**
Outstanding options at 30 June 2019	**2,313**

(1) On 30 May 2019, the Company announced that it granted 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.

13. Trade and other payables

(Euro 000's)	30 June 2019	31 Dec 2018
Non-current		
Land options	**10**	32
Government grant	**13**	13
	23	45
Current		
Trade payables	**49,226**	53,098
Land options and mortgage	**542**	791
Accruals	**4,862**	3,382
	54,630	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	-	954	954
Revision of provision	(20)	-	(20)
Finance cost	-	53	53
At 30 June 2018	193	6,521	6,714
Additions	6	18	24
Revision of provision	(72)	(133)	(205)
Finance cost	-	(14)	(14)
At 31 December 2018	**127**	**6,392**	**6,519**
Additions	**5**	**122**	**127**
Revision of provision	**(23)**	**-**	**(23)**
Finance cost	**-**	**59**	**59**
At 30 June 2019	**109**	**6,573**	**6,682**

(Euro 000's)	30 June 2019	31 Dec 2018
Non-current	**6,682**	6,519
Current	**-**	-
Total	**6,682**	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 30 June 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 30 June 2019. Management has reviewed individually each case and made a provision of €5 thousand for these claims, which has been reflected in these interim condensed consolidated financial statements.

15. Leases

(Euro 000's)	30 June 2019	31 Dec 2018
Non-current		
Leases	**5,846**	-
	5,846	-
Current		
Leases	**307**	**-**
	307	**-**

Finance leases

The Group entered into lease arrangements for the renting of land, laboratory equipment and vehicles. 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 €0.2 million (2018: €nil) for the six month period ended 30 June 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 30 June 2019, the remaining term of this lease is twelve and a half years.

15. Leases (cont.)

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 30 June 2019, the remaining term of this motor vehicle and laboratory equipment lease is three and a half years and four years respectively.

(Euro 000's)	30 June 2019	31 Dec 2018
Minimum lease payments due:		
- Within one year	**299**	-
- Two to five years	**2,249**	-
- Over five years	**3,605**	-
Less future finance charges	**-**	-
Present value of minimum lease payments due	**6,153**	-
Present value of minimum lease payments due:		
- Within one year	**299**	-
- Two to five years	**2,249**	-
- Over five years	**3,605**	-
	6,153	-

(Euro 000's)	Lease liability
Balance 1 January 2019	6,144
Additions	277
Interest expense	4
Lease payments	(272)
Balance at 30 June 2019	6,153
Balance at 30 June 2019	
- Non-current liabilities	5,846
- Current liabilities	307
	6,153

16. 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).

As at 30 June 2019, no consideration has been paid as the Company has not generated any Excess Cash as per the Master Agreement.

"Excess cash" is not defined in the Master Agreement leaving ambiguity as to how it is to be calculated. The Company regularly revisits its assessment on when the Deferred Consideration will become payable and at the date of the balance sheet has classified the €53 million liability recognised by the Group between current liabilities and non-current liabilities, accordingly.

Timing and quantum of payments will be estimated depending on the future key variables such as methodology for the calculation, definition of "Project", the price of copper and the US Dollar and Euro exchanges rates, timing of sustaining capital expenditures, increased costs and other operational issues. These factors can vary significantly, and any amounts actually paid within twelve months of the balance sheet date may differ substantially from the amounts presently estimated to become payable within this period. In particular, copper price assumptions were set earlier in the year at levels above

16. Deferred consideration (continued)

current spot prices and if the current copper price weakness were to continue, the amount payable within twelve months could reduce substantially or if spot prices continue for the rest of the year the amount payable within twelve months could be wholly eliminated with nil Excess Cash generated during 2019.

The effect of discounting remains insignificant, in line with the 2018 assessment, and therefore the Group has measured the liability for the Astor Deferred Consideration on an undiscounted basis.

17. Acquisition, incorporation and disposal of subsidiaries

There were neither acquisition nor incorporation of subsidiaries during the six-month period to 30 June 2019.

18. Wind-up of subsidiaries

There were no operations wound-up during the six-month period to 30 June 2019.

19. Related party transactions

The following transactions were carried out with related parties:

19.1 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 30 June 2019**	Three months ended 30 June 2018	**Six months ended 30 June 2019**	Six months ended 30 June 2018
Directors' remuneration and fees	**242**	144	**486**	400
Share option-based benefits and other benefits to directors	**13**	59	**24**	66
Key management personnel fees	**616**	88	**730**	207
Share option-based and other benefits to key management personnel	**23**	57	**48**	57
	894	348	**1,288**	730

19.2 Share-based benefits

On 29 May 2019, the directors and key management personnel have been granted 1,250,000 options. The options will expire in 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 (Q2 2018: nil).

19.3 Transactions with related parties/shareholders

i) Transaction with shareholders

(Euro 000's)	**Three months ended 30 June 2019**	Three months ended 30 June 2018	**Six months ended 30 June 2019**	Six months ended 30 June 2018
Trafigura– Revenue from contracts	**8,986**	8,136	**20,663**	18,038
Freight services	**-**	-	**-**	-
	8,986	8,136	**20,663**	18,038
Gain / (losses) relating provisional pricing within sales	**(782)**	-	**(11)**	(326)
Trafigura – Total revenue from contracts	**8,204**	8,136	**20,652**	17,712

19. Related party transactions (continued)

XGC was granted an offtake over 49.12% of life of mine reserves as per the NI 43-101 report issued in September 2016. Similarly, Orion was granted an offtake over 31.54% and Trafigura 19.34% respectively of life of mine reserves as per the same NI 43-101 report. In November 2016, the Group was notified and consented the novation of the Orion offtake agreement as Orion reached an agreement with a third party (XGC) to transfer the rights over the concentrates. In December 2017, the Group was notified and consented the novation of XGC offtake agreement as XGC reached an agreement with a third party (LDC) to transfer the rights over the concentrates.

ii) Period-end balances with related parties

(Euro 000's)	30 June 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)	30 June 2019	31 Dec 2018
Trafigura – Debtor balance- subject to provisional pricing	**6,157**	2,461
Total (Note 10)	**6,157**	2,461

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

20. 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 these 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 29 March 2019, the Company announced that it had received notification from the Supreme Court in Spain that it did not have jurisdiction over the appeal made by the Junta de Andalucía ("JdA") and the Company and the announced Ruling by the Tribunal Superior de Justicia de Andalucía ("TSJA") remains valid.

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 did not accept the requests by EeA for the cessation of activities at the mine and an increase in the scope of the environmental plan.

The Company was notified on 16 July 2019 that the JdA has started the administrative process to resolve the previously reported legal issues identified by the TSJA relating to the Unified Environmental Declaration and the Mining Permits.

The Company continues operating the mine normally and it is still confident that the ongoing process carried out by the JdA will not impact its operations at Proyecto Riotinto.

21. Commitments

There have not been any new commitments during the period.

22. Significant events

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

23. Events after the reporting period

On 10 July 2019, the Company announced that it has granted 400,000 share options (the “Options”) to a PDMR in accordance with the Company’s approved 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.

On 5 July 2019, the Company announced the appointment of Peel Hunt LLP as joint broker, alongside Atalaya’s existing brokers,

There were no other significant events subsequent to the reporting period.