

7 April 2020

Atalaya Mining Plc
("Atalaya" and/or the "Group")
Results for the year ended 31 December 2019

Atalaya Mining Plc (AIM: ATYM; TSX: AYM) is pleased to announce its audited consolidated results for the year ended 31 December 2019 ("FY2019" or the "Period").

The consolidated Financial Statements are also available under the Company's profile on SEDAR at www.sedar.com and on Atalaya's website at www.atalayamining.com.

Financial Highlights for the Period

Year ended 31 December		2019	2018	%
Revenues from operations	€k	187,868	189,476	(0.8%)
Operating costs	€k	(115,944)	(128,898)	(10.0%)
EBITDA	€k	61,333	53,542	14.6%
Profit for the year	€k	30,720	34,441	(10.8%)
Earnings per share	€ cents/share	27.2	25.4	7.0%
Cash flows from operating activities	€k	37,934	55,333	(31.4%)
Cash flows used in investing activities	€k	(62,351)	(65,712)	(5.1%)
Cash flows from financing activities	€k	(576)	593	(197.1%)
Working capital surplus	€k	3,598	8,435	(57.3%)
Average realised copper price	\$/lb	2.73	2.95	(7.5%)
Copper concentrate produced	(tonnes)	195,072	180,661	8.0%
Copper production	(tonnes)	44,950	42,114	6.7%
Cash costs	\$/lb payable	1.80	1.94	(7.2%)
All-In Sustaining Cost	\$/lb payable	2.14	2.26	(5.3%)

- Revenue of €187.9 million (FY2018: €189.5 million) from increased volume of copper concentrates sold at a lower price compared to prior year.
- Reduced operating costs of €115.9 million (FY2018: €128.9 million).
- EBITDA of €61.3 million (FY2018: €53.5 million).
- Profit after tax of €30.7 million (FY2018: €34.4 million).
- Copper was sold during the Period under in place off-take agreements for an average realised price of US\$2.73/lb copper, compared to US\$2.95/lb copper in the same period of 2018.
- Efficiencies in maintenance cost and technical services reduced cash costs to US\$1.80/lb payable copper (FY2018: US\$1.94/lb payable copper).

Proyecto Riotinto Operating Highlights

Mining

- Copper production of 44,950 tonnes (FY2018: 42,114 tonnes) reflecting the positive impact of the expansion project at Proyecto Riotinto which was completed and commissioned on budget at the end of the Period.
- Mining operations progressed according to plan and at similar levels during the quarters. Ore mined during the year decreased slightly to 10.4 Mtpa compared with 10.8 Mtpa in the previous year.

Processing

- 10.5 Mtpa of ore processed (FY2018: 9.8 Mtpa) with an average copper head grade of 0.49% and a recovery rate of 87.09% (FY2018: 88.30%).
 - Throughput increased with recoveries slightly decreasing from 2018 levels owing to the ramp-up of the new SAG Mill.
- On-site concentrate inventories at 31 December 2019 were approximately 14,201 tonnes (FY2018: 4,667 tonnes) all of which were sold in January 2020.

Expansion Project at Proyecto Riotinto

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

Exploration and Geology

- Exploration and infill drilling continue in Atalaya pit and Cerro Colorado pit.
- Results from ongoing exploration drilling in 2019 were encouraging with 7,238m drilled at San Dionisio (in Atalaya pit) and 4,959m drilled at Filón Sur (in Cerro Colorado pit).
- Evaluation of new drill data continues to assist in defining and validating the historical data from the copper stockwork in the area.
- FY2019 exploration costs of €3.6 million (FY2018: €1.0 million).

Proyecto Touro

- The "Dirección Xeral de Calidade Ambiental e Cambio Climático" (the General Directorate for the Environment and Climate Change of Galicia) announced on 28 January 2020 that a negative Environmental Impact Statement for Proyecto Touro (Declaración de Impacto Ambiental) had been signed.
- The Company, along with its advisers is continuing to evaluate potential next steps for Proyecto Touro, which could include an appeal of the decision made by the Xunta de Galicia, and/or the clarification of the questions raised by the reports.

Outlook for 2020

- The Company provides the following guidance for 2020:
 - Production guidance estimated within 55,000 to 58,000 tonnes of copper, targeting an improvement on 2019 production.
 - Cash costs and AISC 2020 guidance to range from US\$1.95/lb to US\$2.05/lb and from US\$2.20/lb to US\$2.30/lb, respectively.
- The Company is aware that the COVID-19 pandemic may still further impact how the Company manages its operations and is accordingly keeping its guidance under regular review. Should the Company consider the current guidance no longer achievable, then the Company will provide a further update.

Legal Overview

Proyecto Riotinto - Ruling of Autorización Ambiental Unificada ("AAU")

- Throughout 2019, the Company, together with the Junta de Andalucía ("JdA") continued to work on remedying the legal standing of the AAU.
- On 30 January 2020 the JdA issued a favourable report in relation to the AAU. The AAU is still in a short legal consultation period as the JdA has suspended all deadlines of the process as result of COVID-19 outbreak. After this process is completed, the JdA is expected to issue the validated AAU.

Astor

- On 2 March 2020, the Company filed an application in the High Court to seek clarity on the definition of "Excess Cash". A preliminary hearing is currently due to take place in May 2020. As and when a substantive hearing takes place, the Company expects to have clarity on the definition of Excess Cash and the payment schedule of the Deferred Consideration and the Loan Assignment.
- As at 31 December 2019, no consideration has been paid.

COVID-19 Update and Going Concern

- The Company issued COVID-19 updates on 17 March 2020, 30 March 2020 and 6 April 2020.
- As announced on 30 March 2020, a Royal Decree of 29 March 2020 excluded mining from essential industries resulting in the halting of operations at Proyecto Riotinto from 30 March 2020. As announced on 6 April 2020, further clarifications were received on the Royal Decree on 3 April 2020 which re-included mining on the list of permitted activities and accordingly, operations at Proyecto Riotinto were authorized to recommence.
- It is Atalaya's priority to protect its workforce and the local communities surrounding both Proyecto Riotinto and Proyecto Touro. Atalaya is following the requirements and recommendations issued by the Government of Spain and the regional and local health authorities to reduce the risk of COVID-19 exposure and avoid the spread of the virus.
- In order to mitigate the potential operational and financial impact of COVID-19 the Company has increased its cash balance from €8.0 million as at 31 December 2019 to €41.7 million as at 31 March 2020 by drawing down on existing credit facilities.
- The Company has evaluated the potential financial and operational impact of COVID-19 as a result of the uncertainty surrounding future copper prices and future potential stoppages to Proyecto Riotinto through detailed scenario analysis.
- The directors of the Company have a reasonable expectation that Atalaya has adequate resources to continue operating for the foreseeable future and have prepared the consolidated financial statements on a going concern basis (see Note 2.1 (b) of the Financial Statements below for further detail on the Going Concern).
- The auditors have reported on the consolidated financial statements; their audit opinion was unqualified. They included an Emphasis of Matter paragraph drawing attention to the disclosures describing the COVID-19 developments and the impact of these developments on the Group's operations. Their audit opinion was not modified in respect of this matter.

Alberto Lavandeira, CEO commented:

"The expansion and successful commissioning of the Riotinto plant by the end of 2019 is another demonstration of our ability to develop low capital intensity projects in a timely and cost effective manner. The Company's financial performance over 2019 withstood decreasing copper prices and minor operational interruptions caused by the integration of the expansion to deliver an improved EBITDA on the previous year. The impact of the COVID-19 virus necessitated a short-term shutdown at Proyecto Riotinto which we expect to make up over the coming months. We shall continue to monitor the situation in line with Spanish government guidelines as the wellbeing of our employees is our primary concern. We will also continue to keep shareholders updated as to the effect of these guidelines may have on our operations"

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

Contacts:

Newgate Communications	Elisabeth Cowell / Adam Lloyd / Tom Carnegie	+ 44 20 3757 6880
4C Communications	Carina Corbett	+44 20 3170 7973
Canaccord Genuity (NOMAD and Joint Broker)	Henry Fitzgerald-O'Connor / James Asensio	+44 20 7523 8000
BMO Capital Markets (Joint Broker)	Tom Rider / Michael Rechsteiner / Neil Elliot	+44 20 7236 1010
Peel Hunt LLP (Joint Broker)	Ross Allister / David McKeown	+44 20 7418 8900

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

(Euro 000's)	Note	The Group 2019	The Company 2019	The Group 2018	The Company 2018
Revenue	5	187,868	1,283	189,476	1,323
Operating costs and mine site administrative expenses		(115,325)	-	(128,707)	-
Mine site depreciation, amortisation and impairment	13,14	(23,025)	-	(13,430)	-
Gross profit		49,518	1,283	47,339	1,323
Administration and other expenses		(6,718)	(1,540)	(5,867)	(4,370)
Share based benefits	23	(619)	-	(216)	(10)
Exploration expenses		(3,588)	-	(1,021)	-
Impairment loss on other receivables		(1,694)	(1,694)	-	-
Care and maintenance expenditure		(373)	-	(281)	-
Operating profit/(loss)	7	36,526	(1,951)	39,954	(3,057)
Other income	6	88	124	158	117
Net foreign exchange gain/(loss)	4	350	(3)	1,613	40
Interest income from financial assets at fair value	9	-	13,607	-	13,615
Interest income from financial assets at amortised cost	9	52	3,223	71	2,569
Finance costs	10	(89)	-	(253)	-
Profit before tax		36,927	15,000	41,543	13,284
Tax	11	(6,207)	(878)	(7,102)	(1,524)

Profit for the year	30,720	14,122	34,441	11,760
----------------------------	---------------	---------------	--------	--------

Profit for the year attributable to:

- Owners of the parent	37,323	14,122	34,715	11,760
- Non-controlling interests	(6,603)	-	(274)	-
	30,720	14,122	34,441	11,760

Earnings per share from operations attributable to equity holders of the parent during the year:

Basic earnings per share (EUR cents per share)

12	27.2	25.4
----	-------------	------

Diluted earnings per share (EUR cents per share)

12	26.8	25.1
----	-------------	------

Profit for the year	30,720	14,122	34,441	11,760
----------------------------	---------------	---------------	--------	--------

Other comprehensive income:

Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):

Change in fair value of financial assets through other comprehensive income 'OCI'

20	(29)	(29)	(58)	(58)
----	-------------	-------------	------	------

Total comprehensive profit for the year	30,691	14,093	34,383	11,702
--	---------------	---------------	--------	--------

Total comprehensive profit for the year attributable to:

- Owners of the parent	37,294	14,093	34,657	11,702
- Non-controlling interests	(6,603)	-	(274)	-
	30,691	14,093	34,383	11,702

Consolidated and Company Statements of Financial Position

As at 31 December 2019

(Euro 000's)	Note	As at 31 December		As at 31 December	
		The	The	The	The Company
		Group	Company	Group	2018
		2019	2019	2018	

Assets**Non-current assets**

Property, plant and equipment	13	307,815	-	257,376	-
Intangible assets	14	63,085	-	71,951	-
Investment in subsidiaries	15	-	4,630	-	3,899
Trade and other receivables	19	500	310,002	249	290,104
Non-current financial asset	20	1,101	-	-	-
Deferred tax asset	17	6,576	-	7,927	-
		379,077	314,632	337,503	294,003

Current assets

Inventories	18	21,330	-	10,822	-
Trade and other receivables	19	32,857	4,043	23,688	6,689
Tax refundable		1,924	-	-	-
Other financial assets	20	42	42	71	71
Cash and cash equivalents	21	8,077	128	33,070	826
		64,230	4,213	67,651	7,586

Total assets

443,307	318,845	405,154	301,589
----------------	----------------	---------	---------

Equity and liabilities**Equity attributable to owners of the parent**

Share capital	22	13,372	13,372	13,372	13,372
Share premium	22	314,319	314,319	314,319	314,319
Other reserves	23	22,836	6,435	12,791	5,845
Accumulated losses		(30,669)	(36,535)	(58,308)	(50,657)
		319,858	297,591	282,174	282,879
Non-controlling interests	24	(2,402)	-	4,200	-
Total equity		317,456	297,591	286,374	282,879

Liabilities**Non-current liabilities**

Trade and other payables	25	13	-	45	-
Provisions	26	6,941	-	6,519	-

Leases	27	5,265	-	-	-
Deferred consideration	28	53,000	9,117	53,000	9,117
		65,219	9,117	59,564	9,117
Current liabilities					
Trade and other payables	25	57,537	10,272	57,271	8,069
Leases	27	588	-	-	-
Current tax liabilities	11	2,507	1,865	1,945	1,524
		60,632	12,137	59,216	9,593
Total liabilities		125,851	21,254	118,780	18,710
Total equity and liabilities		443,307	318,845	405,154	301,589

Consolidated Statement of Changes in Equity for the year ended 31 December 2019

	Note	Attributable to owners of the parent				Non-	Total equity
		Share capital	Share Premium ⁽²⁾	Other reserves ⁽¹⁾	Accumulated losses	controlling interest	
(Euro 000's)						Total	
At 1 January 2018		13,192	309,577	6,137	(86,527)	242,379	246,853
Profit for the year		-	-	-	34,715	34,715	34,441
Change in fair value of financial assets through OCI	20	-	-	(58)	-	(58)	(58)
Total comprehensive income		-	-	(58)	34,715	34,657	34,383
Transactions with owners							
Issue of share capital	22	180	4,747	-	-	4,927	4,927
Share issue costs	22	-	(5)	-	-	(5)	(5)
Depletion factor	23	-	-	5,050	(5,050)	-	-
Recognition of share-based payments	23	-	-	216	-	216	216
Recognition of non-distributable reserve	23	-	-	1,446	(1,446)	-	-

At 31 December 2018/

1 January 2019		13,372	314,319	12,791	(58,308)	282,174	4,200	286,374
Profit for the year		-	-		37,323	37,323	(6,602)	30,721
Change in fair value of financial assets through OCI	20	-	-	(29)	-	(29)	-	(29)
Total comprehensive income		-	-	(29)	37,323	37,294	(6,602)	30,692
Transactions with owners								
Depletion factor	23	-	-	5,378	(5,378)	-	-	-
Recognition of share-based payments	23	-	-	619	-	619	-	619
Recognition of non-distributable reserve	23	-	-	1,984	(1,984)	-	-	-
Recognition of distributable reserve	23	-	-	1,844	(1,844)	-	-	-
Other changes in equity	23	-	-	249	(478)	(229)	-	(229)
At 31 December 2019		13,372	314,319	22,836	(30,669)	319,858	(2,402)	317,456

Company Statement of Changes in Equity

for the year ended 31 December 2019

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

Change in fair value of financial assets through OCI	20	-	-	(29)	-	(29)
Total comprehensive income		-	-	(29)	14,122	14,093
Recognition of share-based payments	23	-	-	619	-	619
At 31 December 2019		13,372	314,319	6,435	(36,535)	297,591

Consolidated Statement of Cash Flows

for the year ended 31 December 2019

(Euro 000's)	Note	2019	2018
Cash flows from operating activities			
Profit before tax		36,927	41,543
Adjustments for:			
Depreciation of property, plant and equipment	13	12,575	10,143
Amortisation of intangible assets	14	3,502	3,287
Impairment of intangibles	14	6,948	-
Recognition of share-based payments	23	619	216
Interest income	9	(52)	(71)
Interest expense	10	41	214
Unwinding of discounting	10	40	39
Legal provisions	26	261	(86)
Release of prior year provision	6	-	(117)
Impairment loss on other receivables	19	1,694	-
Rehabilitation provision		(18)	-
Loss on disposal of intangibles		-	955
Unrealised foreign exchange loss on financing activities		2	179
Cash inflows from operating activities before working capital changes		62,539	56,302
Changes in working capital:			
Inventories	18	(10,508)	2,852
Trade and other receivables	19	(9,911)	11,697
Trade and other payables	25	1,159	(10,334)
Deferred consideration		-	17
Cash flows from operations		43,279	60,534

Interest expense on lease liabilities	27	(8)	-
Interest paid		(41)	(214)
Tax paid		(5,296)	(4,987)
Net cash from operating activities		37,934	55,333
Cash flows from investing activities			
Purchases of property, plant and equipment	13	(56,453)	(63,216)
Purchases of intangible assets	14	(5,449)	(2,492)
Acquisition of other financial assets	20	(501)	-
Disposal of subsidiary	15	-	(75)
Interest received	9	52	71
Net cash used in investing activities		(62,351)	(65,712)
Cash flows from financing activities			
Lease payment	27	(576)	-
Proceeds from issue of share capital		-	598
Listing and issue costs	22	-	(5)
Net cash from financing activities		(576)	593
Net (decrease) / increase in cash and cash equivalents		(24,993)	(9,786)
Cash and cash equivalents:			
At beginning of the year	21	33,070	42,856
At end of the year	21	8,077	33,070

Company Statement of Cash Flows for the year ended 31 December 2019

(Euro 000's)	Note	2019	2018
Cash flows from operating activities			
Profit/(loss) before tax		15,000	13,284
Adjustments for:			
Share-based payments		-	10
Interest income	9	(25)	(63)
Interest income from interest-bearing intercompany loans	9	(16,805)	(16,121)
Impairment loss on other receivables		-	-

Release of prior year provision	6	-	(117)
Unrealised foreign exchange loss on financing activities		-	209
Cash inflows used in operating activities before working capital changes		(1,830)	(2,798)
Changes in working capital:			
Increase in trade and other receivables	19	(17,252)	(53,969)
Increase in trade and other payables	25	2,204	2,077
Cash flows used in operations		(16,878)	(54,690)
Tax paid		(537)	-
Net cash used in operating activities		(17,415)	(54,690)
Cash flows from investing activities			
Interest received	9	25	63
Investment in subsidiaries		(113)	-
Interest income from interest-bearing intercompany loans	9	16,805	16,121
Net cash from investing activities		16,717	16,184
Cash flows from financing activities			
Proceeds from issue of share capital	22	-	4,927
Listing and issue costs	22	-	(5)
Net cash from financing activities		-	4,922
Net (decrease)/increase in cash and cash equivalents		(698)	(33,584)
Cash and cash equivalents:			
At beginning of the year	21	826	34,410
At end of the year	21	128	826

Notes to the Consolidated and Company Financial Statements

Year ended 31 December 2019

1. Incorporation and summary of business

Country of incorporation

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

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

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

Changed on name and share consolidation

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

Principal activities

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

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

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

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

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

2. Summary of significant accounting policies

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

2.1 Basis of preparation

(a) Overview

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

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

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

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

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

(b) Going concern

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

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

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

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

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

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

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

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

2.2 Changes in accounting policy and disclosures

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

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

Several other amendments and interpretations apply for the first time in 2019, but do not have a significant impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 16 - Leases

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

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

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

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

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

a) Comparative accounting policy in terms of IAS 17

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

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

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

b) Accounting policy in terms of IFRS 16

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

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

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

Right-of-use asset

Depreciation terms in years

Land	Based on Units of Production (UOP)
Motor vehicles	Based on straight line depreciation
Laboratory equipment	Based on straight line depreciation

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

Lease liabilities

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

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

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

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

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

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

Short-term leases and leases of low-value assets

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

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

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

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

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

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

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

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

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

The Group recognised rent expense from short-term leases.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

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

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

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

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

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

Amendments to IFRS 9: Prepayment Features with Negative Compensation

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

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

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

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

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

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset). The amendments had no impact on the

consolidated financial statements of the Group as it did not have any plan amendments, curtailments, or settlements during the period.

Annual Improvements 2015-2017 Cycle

- **IFRS 3 Business Combinations.** The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation. An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments had no impact on the consolidated financial statements of the Group as there is no transaction where joint control is obtained.
- **IAS 12 Income Taxes.** The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognised those past transactions or events. An entity applies the amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. When the entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. Since the Group's current practice is in line with these amendments, they had no impact on the consolidated financial statements of the Group.
- **IAS 23 Borrowing Costs.** The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete. The entity applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. Since the Group's current practice is in line with these amendments, they had no impact on the consolidated financial statements of the Group.

2.2.1 Standards issued but not yet effective

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

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

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

IFRS 3: Business Combinations (amendments)

The IASB issued amendments in Definition of a Business (amendments to IFRS 3) aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. These amendments are effective for business combinations for which the acquisition date is in the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period, with earlier application permitted.

These Amendments have not yet been endorsed by the EU. The Group does not expect these amendments to have a material impact on its profit and financial position.

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

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

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

The amendments are effective for annual periods beginning on or after 1 January 2020 and must be applied retrospectively. Earlier application is permitted. In September 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7, which concludes phase one of its work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting. Phase two will focus on issues that could affect financial reporting when an existing interest rate benchmark is replaced with a risk-free interest rate (an RFR). The amendments published, deal with issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative interest rate and address the implications for specific hedge accounting requirements in IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement, which require forward-looking analysis. The amendments provided temporary reliefs, applicable to all hedging relationships that are directly affected by the interest rate benchmark reform, which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate. There are also amendments to IFRS 7 Financial Instruments: Disclosures regarding additional disclosures around uncertainty arising from the interest rate benchmark reform. The Group does not expect these amendments to have a material impact on its profit and financial position.

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

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

Conceptual Framework in IFRS standards

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

2.3 Consolidation

(a) Basis of consolidation

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

(b) Subsidiaries

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

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

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

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

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

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

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

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

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

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

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

The Group applied the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the transferred assets, liabilities incurred by the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired, liabilities and contingent liabilities

assumed in a business combination are measured initially at fair value at the acquisition date. The Group recognised any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionated share of the recognised amounts of acquiree's identifiable net assets.

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

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

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

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

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

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

(e) Disposal of subsidiaries

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

(f) Associates and joint ventures

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

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

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

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

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

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or the joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between

the recoverable amount of the associate or the joint venture and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of associates' or joint ventures' in the income statement.

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

(g) Functional currency

Functional and presentation currency items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Euro which is the Group and the Company functional and presentation currency.

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

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

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

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

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

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

2.4 Investments in subsidiary companies

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

2.5 Interest in joint arrangements

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

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

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

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

2.6 Segment reporting

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

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

2.7 Inventory

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

Cost is determined by using the FIFO method and comprises direct purchase costs and an appropriate portion of fixed and variable overhead costs, including depreciation and amortisation, incurred in converting materials into finished goods, based on the normal production capacity. The cost of production is allocated to joint products using a ratio of spot prices by volume at each month end. Separately identifiable costs of conversion of each metal are specifically allocated.

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

2.8 Assets under construction

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

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

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

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

2.9 Property, plant and equipment

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

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

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

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

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

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

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

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

(a) Mineral rights

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

(b) Deferred mining costs - stripping costs

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

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

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

- i. it is probable that the future economic benefit associated with the stripping activity will be realised;
- ii. the component of the ore body for which access has been improved can be identified and;
- iii. the costs relating to the stripping activity associated with the improved access can be reliably measured.

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

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

(c) Exploration costs

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

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

(d) Major maintenance and repairs

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

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

(e) Borrowing costs

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

(f) Restoration, rehabilitation and decommissioning

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

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

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

2.10 Intangible assets

(a) Business combination and goodwill

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

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

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

(b) Permits

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

Other intangible assets include computer software.

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

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

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

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

2.11 Impairment of non-financial assets

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

2.12 Financial assets and liabilities

2.12.1 Classification

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

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

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

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

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

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

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

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

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

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

2.12.2 Amortised cost

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

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

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

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

2.12.3 Fair value through other comprehensive income

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

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

2.12.4 Equity instruments designated as fair value through other comprehensive income

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

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

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

2.12.5 Fair value through profit or loss

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

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

2.12.6 De-recognition of financial assets

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

2.12.7 Impairment of financial assets

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

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

2.13 Current versus Non-current Classification

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

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

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

Or

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

All other assets are classified as non-current.

(b) A liability is current when either:

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

Or

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

The Group classifies all other liabilities as non-current.

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

2.14 Cash and cash equivalents

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

2.15 Provisions

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

2.16 Interest-bearing loans and borrowings

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

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

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

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

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

Financial liabilities and trade payables

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

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

2.17 Deferred consideration

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

2.18 Share capital

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

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

2.19 Current and deferred income tax

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

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

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

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

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

2.20 Share-based payments

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

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

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

2.21 Rehabilitation provisions

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

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

2.22 Leases

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

- a) There is a change in contractual terms, other than a renewal or extension of the arrangement;
- b) A renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
- c) There is a change in the determination of whether fulfilment is dependent on a specified asset; or
- d) There is a substantial change to the asset.

Group as a lessee

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

Group as a lessee

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

2.23 Revenue recognition

(a) Revenue from contracts with customers

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

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

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

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

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

For these provisional pricing arrangements, any future changes that occur over the QP are included within the provisionally priced trade receivables and are, therefore, within the scope of IFRS 9 and not within the scope of IFRS 15.

Given the exposure to the commodity price, these provisionally priced trade receivables will fail the cash flow characteristics test within IFRS 9 and will be required to be measured at fair value through profit or loss up from initial recognition and until the date of settlement. These subsequent changes in fair value are recognised as part of revenue in the statement of profit or loss and other comprehensive income each period and disclosed separately from revenue from contracts with customers as part of 'Fair value gains/losses on provisionally priced trade receivables. Changes in fair value over, and until the end of, the QP, are estimated by reference to updated forward market prices for copper as well as taking other relevant fair value considerations as set out in IFRS 13, into account, including interest rate and credit risk adjustments.

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

(c) Freight services

As noted above, a proportion of the Group's metal in concentrate sales are sold under CIF Incoterms, whereby the Group is responsible for providing freight services (as principal) after the date that the Group transfers control of the metal in concentrate to its customers. The Group, therefore, has separate performance obligation for freight services which are provided solely to facilitate sale of the commodities it produces.

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

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

(d) Sales of services

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

Contract assets

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

Contract liabilities

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

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

2.24 Interest income

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

2.25 Dividend income

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

2.26 Dividend distribution

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

2.27 Earnings per share

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

2.28 Comparatives

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

2.29 Amendment of financial statements after issue

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

3. Financial Risk Management

3.1 Financial risk factors

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

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

(a) Liquidity risk

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

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

THE GROUP

			Less than	Between	Between	Between	Over
(Euro 000's)	Carrying amounts	Contractual cash flows	3 months	3 - 12 months	1 - 2 years	2 - 5 years	5 years
31 December 2019							
Land options and mortgages	282	282	11	271	-	-	-
Tax liability	2,507	2,507	-	2,507	-	-	-
Deferred consideration	53,000	53,000	-	-	-	53,000	-

Trade and other payables	57,268	57,268	44,554	12,705	9	-	-
	113,057	113,057	44,565	15,483	9	53,000	-

31 December 2018

Land options and mortgages	823	823	-	791	32	-	-
Tax liability	1,945	1,945	-	1,945	-	-	-
Deferred consideration	53,000	53,000	-	-	53,000	-	-
Trade and other payables	56,493	56,493	49,710	6,770	13	-	-
	112,261	112,261	49,710	9,506	53,045	-	-

THE COMPANY

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

(b) Currency risk

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

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

Foreign currency sensitivity

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

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

(c) Commodity price risk

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

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

Commodity price sensitivity

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

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

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

(d) Credit risk

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

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

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

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

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

(e) Interest rate risk

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

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

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

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

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

(f) Operational risk

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

(g) Compliance risk

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

(h) Litigation risk

Litigation risk is the risk of financial loss, interruption of the Group's operations or any other undesirable situation that arises from the possibility of non-execution or violation of legal contracts and consequentially of lawsuits. The risk is restricted through the contracts used by the Group to execute its operations.

3.2 Capital risk management

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

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

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

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

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

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

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

3.3 Fair value estimation

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

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

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

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

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

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

THE GROUP

(Euro 000's)	Level 1	Level 2	Level 3	Total
--------------	---------	---------	---------	-------

31 December 2019

Other financial assets

Financial assets at FV through OCI	42	-	1,101	1,143
------------------------------------	----	---	-------	-------

Trade and other receivables

Receivables (subject to provisional pricing)	-	17,716	-	17,716
--	---	--------	---	--------

Total	42	17,716	1,101	18,859
--------------	-----------	---------------	--------------	---------------

31 December 2018

Other financial assets

Financial assets at FV through OCI	71	-	-	71
------------------------------------	----	---	---	----

Trade and other receivables

Receivables (subject to provisional pricing)	-	6,959	-	6,959
--	---	-------	---	-------

Total	71	6,959	-	7,030
--------------	-----------	--------------	----------	--------------

THE COMPANY

(Euro 000's)	Level 1	Level 2	Level 3	Total
--------------	---------	---------	---------	-------

31 December 2019

Non-current receivables

Financial assets at FV through profit and loss	-	-	229,686	229,686
--	---	---	---------	---------

Other current assets

Financial assets at FV through OCI	42	-	-	42
------------------------------------	----	---	---	----

Total	42	-	229,686	229,728
--------------	-----------	----------	----------------	----------------

31 December 2018

Non-current receivables

Financial assets at FV through profit and loss	-	-	215,308	215,308
--	---	---	---------	---------

Other current assets

Financial assets at FV through OCI	71	-	-	71
------------------------------------	----	---	---	----

Total	71	-	215,308	215,379
--------------	-----------	----------	----------------	----------------

3.4 Critical accounting estimates and judgements

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

events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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

(a) Capitalisation of exploration and evaluation costs

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

(b) Stripping costs

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

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

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

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

(c) Ore reserve and mineral resource estimates

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

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

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

- The carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, and goodwill may be affected due to changes in estimated future cash flows;
- Depreciation and amortisation charges in the consolidated and company statements of comprehensive income may change where such charges are determined using the UOP method, or where the useful life of the related assets change;
- Capitalised stripping costs recognised in the statement of financial position as either part of mine properties or inventory or charged to profit or loss may change due to changes in stripping ratios;

- Provisions for rehabilitation and environmental provisions may change where reserve estimate changes affect expectations about when such activities will occur and the associated cost of these activities;
- The recognition and carrying value of deferred income tax assets may change due to changes in the judgements regarding the existence of such assets and in estimates of the likely recovery of such assets.

(d) Impairment of assets

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

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

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

(e) Provisions for decommissioning and site restoration costs

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

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

(f) Income tax

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

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

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

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

(g) Inventory

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

(h) Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

(h) Contingent liabilities

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

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

(i) Deferred consideration

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

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

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

(j) Share-based compensation benefits

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

(k) Consolidation of Cobre San Rafael

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

(l) Classification of financial assets

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

4. Business and geographical segments

Business segments

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

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

Geographical segments

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

2019

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

2018

(Euro 000's)	Cyprus	Spain	Other	Total
Revenue	12,938	176,538	-	189,476
Earnings/(loss)before Interest, Tax, Depreciation and Amortisation	1,839	52,110	(407)	53,542

Depreciation/amortisation charge	-	(13,430)	-	(13,430)
Net foreign exchange gain/(loss)	999	615	(1)	1,613
Finance income	63	8	-	71
Finance cost	(2)	(251)	-	(253)
Profit/(loss) before tax	2,899	39,052	(408)	41,543
Tax				(7,102)
Profit for the year				34,441
Total assets	31,721	372,790	643	405,154
Total liabilities	(13,672)	(104,931)	(177)	(118,780)
Depreciation of property, plant and equipment	-	10,143	-	10,143
Amortisation of intangible assets	-	3,287	-	3,287
Total additions of non-current assets	-	69,086	-	69,086

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

(Euro 000's)

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

5. Revenue

THE GROUP

(Euro 000's)

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

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

- (1) Included within 2019 revenue there is a transaction price of €0.2 million (€1.0 million in 2018) related to the freight services provided by the Group to the customers arising from the sales of copper concentrate under CIF incoterm.
- (2) Provisional pricing impact represented the change in fair value of the embedded derivative arising on sales of concentrate.

THE COMPANY

(Euro 000's)

	2019	2018
Sales of services to related companies (Note 30.3)	1,283	1,323
	1,283	1,323

6. Other income

THE GROUP

(Euro 000's)

	2019	2018
Gain on disposal of associate	50	-
Release of prior year provision	-	117
Other income	38	41
	88	158

THE COMPANY

(Euro 000's)

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

7. Expenses by nature

THE GROUP

(Euro 000's)

	2019	2018
Operating costs	96,739	110,140
Care and maintenance expenditure	240	281
Exploration expenses	3,588	1,021
Employee benefit expense (Note 8)	20,153	17,248
Compensation of key management personnel	2,105	2,061
Auditors' remuneration - audit	215	196
• Other services	31	8
Other accountants' remuneration	152	85

Consultants' remuneration	1,026	881
Depreciation of property, plant and equipment (Note 13)	12,575	10,143
Amortisation of intangible assets (Note 14)	3,502	3,287
Travel costs	371	329
Share option-based employee benefits	619	125
Shareholders' communication expense	-	172
On-going listing costs	369	163
Legal costs	448	450
Public relations and communication development	567	640
Impairment of intangible assets (Note 14)	6,948	-
Impairment loss on other receivables (Note 19)	1,694	-
Other expenses and provisions	-	2,292
Total cost of operation, corporate, share based benefits, care and maintenance, and exploration expenses	151,342	149,522

THE COMPANY

(Euro 000's)

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

8. Employee benefit expense

THE GROUP

(Euro 000's)

2019	2018
------	------

Wages and salaries	14,599	13,357
Social security and social contributions	4,997	3,622
Employees' other allowances	21	28
Bonus to employees	536	241
	20,153	17,248

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

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

THE COMPANY

(Euro 000's)

	2019	2018
Wages and salaries	109	131
Social security and social contributions	13	13
	122	144

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

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

9. Finance income

THE GROUP

(Euro 000's)

	2019	2018
Interest income	52	71
	52	71

THE COMPANY

(Euro 000's)

	2019	2018
Interest income from interest-bearing intercompany loans at fair value through profit and loss (Note 30.3)	13,607	13,615

Interest income from interest-bearing intercompany loans at amortised cost (Note 30.3)	3,198	2,506
Interest income	25	63
	16,830	16,184

Interest income relates to interest received on bank balances.

10. Finance costs

THE GROUP

(Euro 000's)

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

11. Tax

THE GROUP

(Euro 000's)

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

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

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

Additional tax	-	174
Deferred tax (Note 17)	1,351	2,203
Tax charge	6,207	7,102

THE COMPANY

(Euro 000's)

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

Tax losses carried forward

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

Cyprus

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

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

Spain

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

12. Earnings per share

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

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

Weighted number of ordinary shares for the purposes of diluted earnings per share ('000)

139,236 138,110

Diluted profit per share (EUR cents/share)

26.8 25.1

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

13. Property, plant and equipment

(Euro 000's)	Land and buildings	Right of use assets ⁽⁶⁾	Plant and equipment	Assets under construction ⁽⁴⁾	Deferred mining costs ⁽³⁾	Other assets ⁽²⁾	Total
2019							
Cost							
At 1 January 2019	45,853	6,144	152,820	62,010	27,537	785	295,149
Additions	210	277	1,171	48,737	6,476	1	56,872
Reclassifications	-	-	94,230 ⁽⁵⁾	(94,230)	-	-	-
Disposals	-	-	-	-	-	(5)	(5)
At 31 December 2019	46,063	6,421	248,221	16,517	34,013	781	352,016
Depreciation							
At 1 January 2019	6,072	-	20,315	-	4,681	561	31,629
Charge for the year	2,185	391	8,557	-	1,380	62	12,575
Disposals	-	-	-	-	-	(3)	(3)
At 31 December 2019	8,257	391	28,872	-	6,061	620	44,201
Net book value at 31 December 2019	37,806	6,030	219,349	16,517	27,952	161	307,815

2018

Cost

At 1 January 2018	40,995	-	145,402	11,445	22,317	785	220,944
Additions	4,858 ⁽¹⁾	-	2,324	55,659	5,220	-	68,061
Reclassifications	-	-	5,094	(5,094)	-	-	-
At 31 December 2018	45,853	-	152,820	62,010	27,537	785	289,005

Depreciation

At 1 January 2018	4,076	-	13,465	-	3,469	476	21,486
Charge for the year	1,996	-	6,850	-	1,212	85	10,143

At 31 December 2018	6,072	-	20,315	-	4,681	561	31,629
Net book value at							
31 December 2018	39,781	-	132,505	62,010	22,856	224	257,376

THE GROUP

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

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

⁽³⁾ Stripping costs

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

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

⁽⁶⁾ See leases in Note 27.

The above fixed assets are mainly located in Spain.

THE COMPANY

(Euro 000's)	Other assets ⁽¹⁾	Total
2019		
Cost		
At 1 January 2019	15	15
Disposals	-	-
At 31 December 2019	15	15
Depreciation		
At 1 January 2019	15	15
Charge for the year	-	-
At 31 December 2019	15	15
Net book value at 31 December 2019	-	-
2018		
Cost		
At 1 January 2018	15	15

Disposals	-	-
At 31 December 2018	15	15
Depreciation		
At 1 January 2018	15	15
Charge for the year	-	-
Disposals	-	-
At 31 December 2018	15	15
Net book value at 31 December 2018	-	-

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

The Group

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

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

14. Intangible assets

THE GROUP

	Permits ⁽¹⁾	Licences, R&D and Software	Total
(Euro 000's)			
2019			
Cost			
On 1 January 2019	76,538	6,026	82,564
Additions	-	5,449	5,449
Disposals	-	(3,865)	(3,865)
At 31 December 2019	76,538	7,610	84,148
Amortisation			
On 1 January 2019	10,370	243	10,613
Charge for the year	3,438	64	3,502
Impairment charge (Note 7)	-	6,948	6,948
At 31 December 2019	13,808	7,255	21,063
Net book value at 31 December 2019	62,730	355	63,085

2018

Cost

On 1 January 2018	76,521	4,505	81,026
Additions from acquisition of subsidiary	17	2,476	2,493
Additions	-	(955)	(955)
At 31 December 2018	76,538	6,026	82,564
Amortisation			
On 1 January 2018	7,145	181	7,326
Charge for the year	3,225	62	3,287
At 31 December 2018	10,370	243	10,613
Net book value at 31 December 2018	66,168	5,783	71,951

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

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

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

The Group conducts impairment testing on an annual basis unless indicators of impairment are not present at the reporting date. Atalaya assessed its assets concluding that there are no indicators of impairment for Proyecto Riotinto as of 31 December 2019. Management has decided to impair all the investment (€6,948k) referred to exploration and other related expenses of Proyecto Touro due to the existence of substantial evidence of impairment based on the negative Environmental Impact Statement notified by the Xunta de Galicia. Mining rights relating to Proyecto Touro continue to be carried at their book value of €5.0 million in Permits as their market value is considered to be in excess of the carrying value.

Goodwill of €9,333,000 arose on the acquisition of the remaining 49% of the issued share capital of Atalaya Riotinto Minera S.L.U. back in September 2008. This amount was fully impaired on acquisition, in the absence of the mining licence back in 2008.

15. Investment in subsidiaries

(Euro 000's)	2019	2018
THE COMPANY		
Opening amount at cost minus provision for impairment	3,899	3,693
Incorporation ⁽¹⁾	-	-
Increase of investment ⁽²⁾	731	206
Disposal of investment ⁽⁴⁾	-	-
Closing amount at cost less provision for impairment	4,630	3,899

The subsidiaries of the Group, the percentage of equity owned and the main country of operation are set out below. These interests are consolidated within these financial statements.

	Effective proportion	Effective proportion
--	----------------------	----------------------

Subsidiary companies	Date of incorporation/ acquisition	Principal activity	Country of incorporation	of shares held in 2019 ⁽⁵⁾	of shares held in 2018 ⁽⁵⁾
Atalaya Touro (UK) Ltd ⁽¹⁾	10 March 2017	Holding	United Kingdom	100%	100%
Atalaya Minasderiotinto Project (UK) Ltd ⁽²⁾	10 Sep 2008	Holding	United Kingdom	100%	100%
EMED Marketing Ltd	08 Sep 2008	Trading	Cyprus	100%	100%
EMED Mining Spain SLU ⁽³⁾	12 April 2007	Exploration	Spain	100%	100%

As security for the obligation on ARM to pay consideration to Astor under the Master Agreement and the Loan Assignment Agreement, Atalaya Minasderiotinto Project (UK) Ltd has granted pledges to Astor Resources AG over the issued capital of ARM and granted a pledge to Astor over the issued share capital of Eastern Mediterranean Exploration and Development S.L.U. and the Company has provided a parent company guarantee (Note 28).

⁽¹⁾ On 10 March 2017, Atalaya Touro (UK) Limited was incorporated. Atalaya Mining Plc is its sole shareholder.

⁽²⁾ During the year 2019 there was an increase amounting to €731k in the investment mainly related to the employee benefit expenses (2018: €206k).

⁽³⁾ In December 2017, EMED Mining Spain S.L.U. increased its capital by €300k from its sole shareholder. This investment increase was fully impaired in the year.

⁽⁴⁾ On 15 May 2018, the Group sold Eastern Mediterranean Resources (Caucasus) Ltd., which was fully impaired, by transferring all issued shares. Following the sale the Company recognised a gain in the net amount of €117k as a result of the release of a prior year provision in the amount of €250k relating to the subsidiary's liabilities and the costs incurred of the sale in the total cost of €133k (Note 6).

⁽⁵⁾ The effective proportion of shares held as at 31 December 2019 and 2018 remained unchanged excluding Eastern Mediterranean Resources (Caucasus) Ltd which was sold in 2018.

16. Investment in joint venture

Company name	Principal activities	Country of incorporation	Effective proportion of shares held at 31 December 2015
Recursos Cuenca Minera S.L.	Exploitation of tailing dams and waste areas resources	Spain	50%

In 2012 ARM entered into a 50/50 joint venture with Rumbo to evaluate and exploit the potential of the class B resources in the tailings dam and waste areas at The Proyecto Riotinto. Under the joint venture agreement, ARM will be the operator of the joint venture and will reimburse Rumbo for the costs associated with the application for classification of the Class B resources. ARM will fund the initial expenditure of a feasibility study up to a maximum of €2.0 million. Costs are then borne by the joint venture partners in accordance with their respective ownership interests.

The Group's significant aggregate amounts in respect of the joint venture are as follows:

(Euro 000's)	2019	2018
Intangible assets	94	94
Trade and other receivables	2	4

Cash and cash equivalents	21	22
Trade and other payables	(115)	(115)
Net assets	2	5
Revenue	-	-
Expenses	-	-
Net loss after tax	-	-

17. Deferred tax

(Euro 000's)	Consolidated statement of financial position		Consolidated income statement	
	2019	2018	2019	2018
THE GROUP				
Deferred tax asset				
At 1 January	7,927	10,130	-	-
Deferred tax asset due to losses available against future taxable income (Note 11)	-	-	-	-
Deferred tax related to utilization of losses for the year (Note 11)	(256)	(975)	256	975
Deferred tax asset due to losses available against future taxable income overprovision previous years (Note 11)	-	-	-	-
Deferred tax income relating to the origination of temporary differences (Note 11)	(874)	(1,020)	874	1,020
Deferred tax expense relating to reversal of temporary differences (Note 11)	(221)	(208)	221	208
At 31 December	6,576	7,927		
Deferred tax income (Note 11)			1,351	2,203

Deferred tax assets are recognised for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available in the future against which the unused tax losses/credits can be utilised.

In addition to recognised deferred income tax asset, the Group has unrecognised tax losses in Cyprus that are available to carry forward for 5 years against future taxable income of the Group companies in which the losses arose, and in Spain €18.5 million (2018: €24.9 million) which are available to carry forward indefinitely against future profits. Deferred tax assets have not been recognised in respect of losses in Cyprus as they may not be used to offset taxable profits elsewhere in the Group, and due to the uncertainty in profitability in the near future to support (either partially or in full) the recognition of the losses as deferred income tax assets.

18. Inventories

(Euro 000's)	2019	2018
THE GROUP		
Finished products	11,024	2,955
Materials and supplies	9,266	7,381
Work in progress	1,040	486
	21,330	10,822

As at 31 December 2019, copper concentrate produced and not sold amounted to 14,201 tonnes (FY2018: 4,667 tonnes). Accordingly, the inventory for copper concentrate was €11.0 million (FY2018: €3.0 million). During the year 2019 the Group recorded cost of sales amounting to €115.3 million (FY2018: €140.5 million).

Materials and supplies relate mainly to machinery spare parts. Work in progress represents ore stockpiles, which is ore that has been extracted and is available for further processing.

19. Trade and other receivables

(Euro 000's)	2019	2018
THE GROUP		
Non-current trade and other receivables		
Deposits	500	249
	500	249
Current trade and other receivables		
Trade receivables at fair value - <i>subject to provisional pricing</i>	8,798	4,498
Trade receivables from shareholders at fair value - <i>subject to provisional pricing</i> (Note 30.5)	8,918	2,461
Other receivables from related parties at amortised cost (Note 30.3)	56	56
Deposits	26	26
VAT receivable	14,380	13,691
Tax advances	7	1,208
Prepayments	616	688
Other current assets	56	1,060
	32,857	23,688
Allowance for expected credit losses	-	-
Total trade and other receivables	33,357	23,937
(Euro 000's)	2019	2018

THE COMPANY

Non-current trade and other receivables

Receivables from own subsidiaries at amortised cost (Note 30.4)	80,316	74,796
Receivables from own subsidiaries at fair value through profit and loss (Note 30.4)	229,686	215,308
	310,002	290,104

Current trade and other receivables

Deposits and prepayments	-	-
VAT receivable	47	161
Receivables from own subsidiaries at amortised cost (Note 30.4)	3,996	6,328
Other receivables	-	200
	4,043	6,689

Trade receivables are shown net of any interest applied to prepayments. Payment terms are aligned with offtake agreements and market standards and generally are 7 days on 90% of the invoice and the remaining 10% at the settlement date which can vary between 1 to 5 months. The fair value of trade and other receivables approximate their book values.

Increase in deposits relates to the restricted cash of €250k reclassified from cash and cash equivalents (note 21) in non-current deposits in 2019 since the deposit is considered to be long term.

In 2018, the Company recognised €200k prepayment from an option to acquire a portion of an investment on a company which held mining rights of a land. In 2019, the Company signed an agreement to acquire an option over a portion of investment in another entity. The total amount paid in as prepayment for these two investments in 2019 was €1,494k. After the exploration processed performed by the Company on both lands, management decided not to pursue with the execution of both options and therefore to fully impaired the prepayments.

Set out below are the movements of the impairment:

(Euro 000's)	2019	2018
THE GROUP		
1 January	200	-
Additions	1,494	200
Impairment	(1,694)	-
At 31 December	-	200

20. Other Financial assets

THE GROUP

(Euro 000's)	2019	2018
--------------	------	------

Financial asset at fair value through OCI (see (a)) below	1,143	71
Total current	42	71
Total non-current	1,101	-

THE COMPANY

(Euro 000's)	2019	2018
Financial asset at fair value through OCI (see (a)) below	42	71
Total current	42	71

a) Financial asset at fair value through OCI

THE GROUP

(Euro 000's)	2019	2018
At 1 January ⁽¹⁾	71	129
Additions ⁽³⁾	1,101	-
Fair value change recorded in equity (Note 23)	(29)	(58)
Reversal of previously impaired	50	-
Disposals ⁽²⁾	(50)	-
At 31 December	1,143	71

THE COMPANY

(Euro 000's)	2019	2018
At 1 January ⁽¹⁾	71	129
Fair value change recorded in equity (Note 23)	(29)	(58)
Reversal of previously impaired	50	-
Disposals ⁽²⁾	(50)	-
At 31 December	42	71

Company name	Principal activities	Country of incorporation	Effective proportion of shares held at 31 December 2019
--------------	----------------------	--------------------------	---

Explotaciones Gallegas del Cobre SL	Exploration company	Spain	12.5%
KEFI Minerals Plc	Exploration and development mining company listed on AIM	UK	1.80%
Prospech Limited	Exploration company	Australia	0.65%

⁽¹⁾ The Group decided to recognise changes in the fair value of available-for-sale investments in Other Comprehensive Income ('OCI'), as explained in Note 2.12.

⁽²⁾ On 20 March 2019, the Board of Directors approved the disposal of the 10% free-carried investment of Atalaya in Eastern Mediterranean Minerals (Cyprus) Limited, an exploration company with interest in Cyprus.

⁽³⁾ In November 2019, Atalaya executed the option to acquire 12.5% of Explotaciones Gallegas del Cobre, S.L. the exploration property around Touro, with known additional reserves.

21. Cash and cash equivalents

THE GROUP

(Euro 000's)

	2019	2018
Cash at bank and in hand	8,077	33,070

As at 31 December 2019, the Group's operating subsidiary held €250k (FY2018: €250k) as a collateral for bank guarantees, which has been reclassified as restricted cash (or deposit). In 2019 restricted cash were reclassified to non-current trade and other receivables (Note 19) since the deposit is considered to be long term.

Cash and cash equivalents denominated in the following currencies:

(Euro 000's)

	2019	2018
Euro - functional and presentation currency	2,059	7,649
Great Britain Pound	374	255
United States Dollar	5,644	25,166
	8,077	33,070

THE COMPANY

(Euro 000's)

	2019	2018
Cash at bank and on hand	128	826

Cash and cash equivalents denominated in the following currencies:

Euro - functional and presentation currency	97	774
Great Britain Pound	29	3
United States Dollar	2	49

			128	826		
22. Share capital						
			Nr.	Share	Share	
Authorised			of Shares	capital	Premium	Total
			'000's	£ 000's	£ 000's	£ 000's
Ordinary shares of £0.075 each			200,000	15,000	-	15,000
Issued and fully paid						
			000's	Euro 000's	Euro 000's	Euro 000's
1 January 2018			135,254	13,192	309,577	322,769
Issue Date	Price (£)	Details				
13 Feb 2018	1.87	Shares issued to Rumbo ^(a)	193	16	410	426
13 Feb 2018	1.44	Exercised share options ^(b)	29	3	45	48
13 April 2018	2.118	Rumbo buyout ^(c)	1,601	139	3,887	4,026
1 June 2018	1.425	Exercised warrants ^(d)	263	22	405	427
Costs of Issued Shares			-	-	(5)	(5)
31 December 2018/1 January 2019			137,340	13,372	314,319	327,691
31 December 2019			137,340	13,372	314,319	327,691

Authorised capital

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

Issued capital

FY2019

No issuances during the twelve months period ended 31 December 2019.

FY2018

- a) On 13 February 2018, the Company issued 192,540 new ordinary shares of £0.075 to Rumbo at a price of £1.867, thus creating a share premium of €410,146.

- b) On 13 February 2018, the Company was notified that certain employees exercised options over 29,000 ordinary shares of £0.075 at a price of £1.44, thus creating a share premium of €44,576.
- c) On 5 April 2018, the Company entered into an agreement with Rumbo to purchase the whole royalty agreement for a total consideration of US\$4,750,000 to be paid through the issuance of 1,600,907 new ordinary shares of £0.075 at a price of £2.118 per share. After this transaction the share premium increased by €3,887,128. On 13 April 2018, the new ordinary shares were issued to Rumbo.
- d) On 1 June 2018, 262,569 warrants were exercised at £1.425 per ordinary share. Hence, 262,569 new ordinary shares of £0.075 were issued, thus creating a share premium of €405,087.

Warrants

The Company has issued warrants to advisers to the Group. Warrants expired three years after the grant date and had exercise price £1.425. At 31 December 2019 there are nil warrants.

On 1 June 2018, all warrants were exercised.

Details of share warrants at 31 December 2018:

	Number of warrants
Outstanding warrants at 1 January 2018	262,569
- Exercised during the reporting period	(262,569)
Outstanding warrants at 31 December 2018	-

On 1 June 2018, the Company received notification for the exercise of warrants over 262,569 ordinary shares of £0.075 in the Company at an exercise price of £1.425 per share. As a result, the Company received proceeds of £374,160.83 (as (d)) above).

23. Other reserves

THE GROUP

(Euro 000's)

	Share option	Bonus share	Depletion factor ⁽¹⁾	Fair value reserve of financial assets at FVOCI ⁽²⁾	Non- distributable reserve ⁽³⁾	Distributable reserve ⁽⁴⁾	Total
At 1 January 2018	6,536	208	450	(1,057)	-	-	6,137
Recognition of depletion factor	-	-	5,050	-	-	-	5,050

Recognition of non-distributable reserve	-	-	-	-	1,446	-	1,446
Recognition of share based payments	216	-	-	-	-	-	216
Change in fair value of financial assets at fair value through OCI (Note 20)	-	-	-	(58)	-	-	(58)
At 31 December 2018	6,752	208	5,500	(1,115)	1,446	-	12,791
Recognition of depletion factor	-	-	5,378	-	-	-	5,378
Recognition of non-distributable reserve	-	-	-	-	1,984	-	1,984
Recognition of distributable reserve	-	-	-	-	-	1,844	1,844
Recognition of share based payments	619	-	-	-	-	-	619
Change in fair value of financial assets at fair value through OCI (Note 20)	-	-	-	(29)	-	-	(29)
Other changes in reserves	-	-	-	-	-	249	249
At 31 December 2019	7,371	208	10,878	(1,144)	3,430	2,093	22,836

THE COMPANY

(Euro 000's)	Share option	Bonus share	Fair value reserve of financial assets at FVOCI ⁽²⁾	Total

At 1 January 2018	6,536	208	(1,057)	5,687
Recognition of share based payments	216	-	-	216
Change in fair value of financial assets at fair value through OCI (Note 20)	-	-	(58)	(58)
At 31 December 2018	6,752	208	(1,115)	5,845
Adjustment for initial application of IFRS 9	-	-	-	-
Recognition of share based payments	619	-	-	619
Change in fair value of financial assets at fair value through OCI (Note 20)	-	-	(29)	(29)
At 31 December 2019	7,371	208	(1,144)	6,435

⁽¹⁾ Depletion factor reserve

During the twelve month period ended 31 December 2019, the Group has disposed €5.4 million (FY2018: €5.0 million) as a depletion factor reserve as per the Spanish Corporate Tax Act.

⁽²⁾ Fair value reserve of financial assets at FVOCI

The Group decided to recognise changes in the fair value of certain investments in equity securities in OCI. These changes are accumulated within the FVOCI reserve under equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

⁽³⁾ Non-distributable reserve

As required by the Spanish Corporate Tax Act, the Group classified a non-distributable reserve of 10% of the profits generated by the Spanish subsidiaries until the reserve is 20% of share capital of the subsidiary.

⁽⁴⁾ Distributable reserve

As result of the 2018 profit generated in ARM, the Group decided to record a distributable reserve in order to comply with the Spanish Corporate Tax Act.

Details of share options outstanding as at 31 December 2019:

Grant date	Expiry date	Exercise price £	Share options
23 Feb 2017	22 Feb 2022	1.44	813,000
29 May 2019	28-May-2024	2.015	1,292,250
8 July 2019	7 July 2024	2.045	400,000
Total			2,505,250

	Weighted average exercise price £	Share options
At 1 January 2019	2.19	1,313,000
Granted during the reporting period	2.015	1,500,000
Granted during the reporting period	2.045	400,000
Less options cancelled during the year	2.015	(707,750)
31 December 2019	2.08	2,505,250

On 13 February 2018, the Company was notified that certain employees exercised options over 29,000 ordinary shares of £0.075 at a price of £1.44 (Note 22 (b)).

On 30 May 2019, the Company announced a grant of 1,500,000 share options (the "Options") to Persons Discharging Managerial Responsibilities ("PDMRs") and management, in accordance with the Company's approved Share Option Plan 2013 (the "Option Plan"). The Options expire five years from the date of grant (29 May 2019), have an exercise price of 201.5 pence per ordinary share, based on the minimum share price in the five days preceding the grant date, and vest in two equal tranches, half on grant and half on the first anniversary of the granting date.

On 10 July 2019, the Company announced a grant of 400,000 share options (the "Options") to Person Discharging Managerial Responsibilities ("PDMRs") in accordance with the Company's approved Share Option Plan 2013 (the "Option Plan"). The Options expire five years from the date of grant (8 July 2019), have an exercise price of 204.5 pence per ordinary share, based on the minimum share price in the five days preceding the grant date, and vest in two equal tranches, half on grant and half on the first anniversary of the granting date.

In general, option agreements contain provisions adjusting the exercise price in certain circumstances including the allotment of fully paid ordinary shares by way of a capitalisation of the Company's reserves, a sub division or consolidation of the ordinary shares, a reduction of share capital and offers or invitations (whether by way of rights issue or otherwise) to the holders of ordinary shares.

The estimated fair values of the options were calculated using the Black Scholes option pricing model. The inputs into the model and the results are as follows:

Grant Date	Weighted average share price £	Weighted average exercise price £	Expected volatility	Expected life (years)	Risk Free rate	Expected dividend yield	Estimated Fair Value £
23 Feb 2017	1.440	1.440	51.8%	5	0.6%	Nil	0.666
29 May 2019	2.015	2.015	46.9%	5	0.8%	Nil	0.66
8 July 2019	2.045	2.045	46.9%	5	0.8%	Nil	0.66

The volatility has been estimated based on the underlying volatility of the price of the Company's shares in the preceding twelve months.

24. Non-controlling interest

(Euro 000's)

	2019	2018
Opening balance	4,200	4,474
On acquisition of a subsidiary	-	-

Share of results for the year	(6,602)	(274)
Closing balance	(2,402)	4,200

The Group has a 10% interest in Cobre San Rafael, S.L. acquired in July 2017 while the remaining 90% is held by a non-controlling interest (Note 2.3 (b) (1)). The significant financial information with respect to the subsidiary before intercompany eliminations as at and for the year ended 31 December 2019 is as follows:

(Euro 000's)	2019	2018
Non-current assets	5,096	7,024
Current assets	580	456
Non-current liabilities	-	-
Current liabilities	8,345	2,813
Equity	(2,669)	4,667
Revenue	-	-
Loss for the year and total comprehensive income	(7,336)	(304)

Cobre San Rafael, S.L. was established on 13 June 2016.

* 10% interest in Cobre San Rafael, S.L. was acquired by the Group in July 2017.

25. Trade and other payables

THE GROUP

(Euro 000's)	2019	2018
Non-current trade and other payables		
Land options	-	32
Government grant	13	13
	13	45
Current trade and other payables		
Trade payables	52,395	53,098
Land options and mortgage	282	791
Accruals	4,860	3,382
	57,537	57,271

THE COMPANY

(Euro 000's)	2019	2018
Current trade and other payables		
Accruals	1,744	2,200

Payable to own subsidiaries (Note 30.4)	8,507	5,851
Other	21	18
	10,272	8,069

Trade payables are mainly for the acquisition of materials, supplies and other services. These payables do not accrue interest and no guarantees have been granted. The fair value of trade and other payables approximate their book values. The Group's exposure to currency and liquidity risk related to liabilities is disclosed in Note 3.

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

26. Provisions

THE GROUP

(Euro 000's)

	Legal	Rehabilitation	Total
1 January 2018	213	5,514	5,727
Additions	6	972	978
Revision of provision	(92)	(133)	(225)
Finance cost (Note 10)	-	39	39
31 December 2018/1 January 2019	127	6,392	6,519
Additions	284	138	422
Revision of provision	(23)	(18)	(41)
Finance cost (Note 10)	-	41	41
31 December 2019	388	6,553	6,941

(Euro 000's)

	2019	2018
Non-Current	6,941	6,519
Current	-	-
Total	6,941	6,519

Rehabilitation provision

Rehabilitation provision represents the accrued cost required to provide adequate restoration and rehabilitation upon the completion of production activities. These amounts will be settled when rehabilitation is undertaken, generally over the project's life.

The discount rate used in the calculation of the net present value of the provision as at 31 December 2019 was 1.87%, which is the 15-year Spain Government Bond rate (2018: 1.87%). An inflation rate of 1.5% is applied on annual basis.

The expected payments for the rehabilitation work are as follows:

(Euro 000's)

Between	Between	Between
1 - 5 Years	6 - 10 Years	10 - 15 Years

Expected payments for rehabilitation of the mining site	401	2,069	4,083
---	-----	-------	-------

Legal provision

The Group has been named as defendant in several legal actions in Spain, the outcome of which is not determinable as at 31 December 2019. Management has reviewed individually each case and made a provision of €388k (€127k in 2018) for these claims, which has been reflected in these consolidated financial statements. (Note 32)

27. Leases

(Euro 000's)	31 Dec 2019	31 Dec 2018
Non-current		
Leases	5,265	-
	<u>5,265</u>	<u>-</u>
Current		
Leases	588	-
	<u>588</u>	<u>-</u>

Finance leases

The Group entered into lease arrangements for the renting of land, laboratory equipment and vehicles which are subject to the adoption of all requirements of IFRS 16 Leases (Note 2.2). The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. Depreciation expense regarding leases amounts to €0.3 million (2018: €nil) for the twelve month period ended 31 December 2019. The duration of the land lease is for a period of thirteen years. Payments are due at the beginning of the month escalating annually on average by 1.5%. At 31 December 2019, the remaining term of this lease is twelve years. (Note 2)

The duration of the motor vehicle and laboratory equipment lease is for a period of four years, payments are due at the beginning of the month escalating annually on average by 1.5%. At 31 December 2019, the remaining term of this motor vehicle and laboratory equipment lease is three years and three and half years respectively.

(Euro 000's)	31 Dec 2019	31 Dec 2018
Minimum lease payments due:		
- Within one year	588	-
- Two to five years	2,134	-
- Over five years	3,131	-
Less future finance charges	-	-
Present value of minimum lease payments due	<u>5,853</u>	<u>-</u>
 Present value of minimum lease payments due:		
- Within one year	588	-
- Two to five years	2,134	-
- Over five years	3,131	-
	<u>5,853</u>	<u>-</u>

(Euro 000's)	Lease liability
Balance 1 January 2019	6,144
Additions	277
Interest expense	8
Lease payments	(576)
Balance at 31 Dec 2019	<u>5,853</u>

Balance at 31 Dec 2019

- Non-current liabilities	5,265
- Current liabilities	588
	<hr/> 5,853 <hr/>

28. Deferred consideration

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

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

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

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

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

29. Acquisition, incorporation and disposals of subsidiaries

2019

Acquisition and incorporation of subsidiaries

There were no acquisition nor incorporation of subsidiaries during the year.

Disposals of subsidiaries

There were no disposals of subsidiaries during the year.

2018

Acquisition and incorporation of subsidiaries

There were no acquisition nor incorporation of subsidiaries during the year.

Disposals of subsidiaries

On 15 May 2018, the Group sold Eastern Mediterranean Resources (Caucasus) Ltd. which was fully impaired, by transferring all issued shares. The net effect of the gain in the income statement arose from the release of the prior year provision of €250k (Georgian Tax liability). The total costs for the sale were €75k, paid to the buyer in addition to €58k relating consulting costs (Note 6).

Wind-up of subsidiaries

There were no operations wound-up during FY2019 and FY2018.

30. Group information and related party disclosures

30.1 Information about subsidiaries

These audited consolidated financial statements include:

Subsidiary companies	Parent	Principal activity	Country of incorporation	Effective proportion of shares held
Atalaya Touro (UK) Ltd	Atalaya Mining Plc	Holding	United Kingdom	100%
Atalaya MinasdeRiotinto Project (UK) Limited	Atalaya Mining Plc	Holding	United Kingdom	100%
EMED Marketing Ltd	Atalaya Mining Plc	Trading	Cyprus	100%
EMED Mining Spain S.L.U.	Atalaya Mining Plc	Exploration	Spain	100%
Atalaya Riotinto Minera S.L.U.	Atalaya MinasdeRiotinto Project (UK) Limited	Production	Spain	100%
Eastern Mediterranean Exploration and Development S.L.U.	Atalaya MinasdeRiotinto Project (UK) Limited	Exploration	Spain	100%
Cobre San Rafael, S.L. ⁽¹⁾	Atalaya Touro (UK) Limited	Exploration	Spain	10%
Recursos Cuenca Minera S.L.U.	Atalaya Riotinto Minera SLU	Exploration	Spain	J-V
Fundacion Atalaya Riotinto	Atalaya Riotinto Minera SLU	Trust	Spain	100%
Atalaya Servicios Mineros, S.L.U.	Atalaya MinasdeRiotinto Project (UK) Limited	Dormant	Spain	100%

⁽¹⁾ Cobre San Rafael, S.L. is the entity which holds the mining rights of The Proyecto Touro. The Group has control in the management of Cobre San Rafael, S.L., including one of the two Directors, management of the financial books and the capacity of appointment the key personnel (Note 2.3 (b) (1)).

The following transactions were carried out with related parties:

30.2 Compensation of key management personnel

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

(Euro 000's)	The Group		The Company	
	2019	2018	2019	2018
Directors' remuneration and fees	1,319	922	536	454
Director's bonus ⁽¹⁾	325	280	-	-
Share option-based benefits to Directors	173	39	-	-

Key management personnel fees	765	462	-	116
Key management bonus ⁽¹⁾	740	235	-	150
Share option-based and other benefits to key management personnel	267	88	-	10
	3,589	2,026	536	730

⁽¹⁾ These amounts related to the approved performance bonus for 2018 by the Board of Directors following the proposal of the CGNC Committee. The 2019 estimates recorded are not included in the table above as this is yet to be approved by the Board of Directors. There is no certainty or guarantee that the Board of Directors will approve a similar amount for 2019 performance.

At 31 December 2019 amounts due to Directors, as from the Group, are €nil (€0.5 million at 31 December 2018) and €0.5 million (€0.3 million at 31 December 2018) to key management.

At 31 December 2019 amounts due to Directors, as from the Company, are €nil (€nil at 31 December 2018) and €nil (€0.2 million at 31 December 2018) to key management.

Share-based benefits

In 2019, the Directors and key management personnel have granted 1,650,000 options (2018: nil options) (see note 23).

During 2019 the Directors and key management personnel have not been granted any bonus shares (2018: nil).

30.3 Transactions with shareholders and related parties

THE GROUP

(Euro 000's)

	2019	2018
Trafigura- Revenue from contracts	33,179	26,234
Freight services	-	-
	33,179	26,234
Gains/(losses) relating provisional pricing within sales	2,587	(334)
	35,766	25,900
Trafigura - Total revenue from contracts	35,766	25,900

THE COMPANY

(Euro 000's)

	2019	2018
Sales of services (Note 5):		
• EMED Marketing Limited	690	749
• Atalaya MinasdeRiotinto Project (UK) Limited	593	574
	1,283	1,323
Other income services (Note 6):		
• EMED Marketing Limited	74	-

Purchase of services (Note 7):

• Atalaya Riotinto Minera SLU	42	213
<hr/>		
Finance income (Note 9):		
Atalaya MinasdeRiotinto Project (UK) Limited - Finance income from interest-bearing loan :		
• Credit agreement - at amortised cost	1,644	1,760
• Participative loan - at fair value through profit and loss	13,607	13,615
• Credit facility - at amortised cost	1,554	746
	<hr/>	<hr/>
	16,805	16,121
<hr/>		

THE GROUP

(Euro 000's)

	2019	2018
<hr/>		
Current assets - Receivable from related parties (Note 19):		
Recursos Cuenca Minera S.L.	56	56
	<hr/>	<hr/>
	56	56
<hr/>		

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

30.4 Year-end balances with related parties

THE COMPANY

(Euro 000's)

	2019	2018
<hr/>		
Non-current assets - Loan from related parties at FV through profit and loss (Note 19):		
Atalaya MinasdeRiotinto Project (UK) Limited - Participative Loan ⁽¹⁾	229,686	215,308
	<hr/>	<hr/>
Total ⁽⁵⁾	290,104	229,686
	<hr/>	<hr/>

Non-current assets - Loans and receivables from related parties at amortised cost (Note 19):

Atalaya MinasdeRiotinto Project (UK) Limited - Credit Expansion Loan ⁽²⁾	43,591	38,743
Atalaya MinasdeRiotinto Project (UK) Limited - Credit agreement ⁽³⁾	26,442	24,798
Atalaya Riotinto Minera SLU ⁽⁴⁾	9,117	9,117
EMED Marketing Limited ⁽⁴⁾	-	1,563
Atalaya MinasdeRiotinto Project (UK) Limited ⁽⁴⁾	1,166	575
	<hr/>	<hr/>

Total ⁽⁵⁾	80,316	74,796
-----------------------------	---------------	---------------

Current assets - Loans and receivables from related parties at amortised cost (Note 19):

Atalaya MinasdeRiotinto Project (UK) Limited ⁽⁴⁾	-	5,230
Atalaya MinasdeRiotinto Project (UK) Limited - Credit agreement ⁽³⁾	-	-
Atalaya Riotinto Minera SLU ⁽⁴⁾	-	-
Atalaya Touro (UK) Limited ⁽⁴⁾	1,611	1,098
EMED Mining Spain SL ⁽⁴⁾	-	-
EMED Marketing Limited ⁽⁴⁾	2,385	-
Total ⁽⁵⁾	3,996	6,328

⁽¹⁾ This balance bears interest of 6.75% (2018: 6.75%).

⁽²⁾ This balance bears interest of EURIBOR 6m plus 4% (2018: LIBOR 6month + 3.25%).

⁽³⁾ This balance bears interest of EURIBOR 12month plus 4% (2018: nil). The Note Facility Agreement expired on 29 September 2019. The Group signed on 30 September 2019 a new Credit Agreement for the amount due of the Note Facility Agreement bearing a EURIBOR 12month plus 4% interest and maturing on 30 September 2024

⁽⁴⁾ These receivables bear no interest These balances are repayable on demand. However, management will not claim any repayment in the following twelve months period after the release of the current consolidated financial statements.

THE COMPANY

(Euro 000's)

Payable to related party (Note 25):

	2019	2018
EMED Marketing Limited	7,990	5,376
EMED Mining Spain S.L.	262	262
Atalaya Riotinto Minera SLU	255	213
	8,507	5,851

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

30.5 Year-end balances with shareholders

(Euro 000's)

Receivable from shareholders (Note 19):

	2019	2018
Trafigura - Debtor balance -subject to provisional pricing	8,918	2,461
	8,918	2,461

The above debtor balance arising from the pre-commissioning sales of goods bear no interest and is repayable on demand.

31. Contingent liabilities

Judicial and administrative cases

In the normal course of business, the Group may be involved in legal proceedings, claims and assessments. Such matters are subject to many uncertainties, and outcomes are not predictable with assurance. Legal fees for such matters are expensed as incurred and the Group accrues for adverse outcomes as they become probable and estimable.

The Junta de Andalucía notified the Group of another disciplinary proceeding for unauthorised discharge in 2014. The Group submitted the relevant defence arguments on 10 March 2015 but has had no response or feedback from the Junta de Andalucía since the submissions. Based on the time that has lapsed without a response, it is expected that the outcome of this proceedings will also be favourable for the Group. Once the necessary time has lapsed, the Group will ask for the Administrative File to be dismissed.

Receipt of ruling of claim made by an environmental Group

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

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

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

On 29 March 2019, Atalaya announced the receipt of notification from the Supreme Court in Spain stating that it does not have jurisdiction over the appeal made by the Junta de Andalucía and the Company, which voluntarily joined the appeal as con-defendant.

The main legal consequence of the Supreme Court rejection is the ruling of the Tribunal Superior de Justicia de la Junta de Andalucía dated 26 September 2018 is now final and enforceable and the environmental authority must repair the faultiness in the process. The Company is currently in discussions to the Junta de Andalucía to resolve the formal defects identified by the Tribunal Superior de Justicia de Andalucía.

The Company continues operating the mine normally as the ruling does not state the operation at Proyecto Riotinto is to be ceased, not even temporarily and it is still confident that the ruling will not impact its operations at Proyecto Riotinto.

32. Commitments

There are no minimum exploration requirements at Proyecto Riotinto. However, the Group is obliged to pay local land taxes which currently are approximately €235,000 per year in Spain and the Group is required to maintain the Riotinto site in compliance with all applicable regulatory requirements.

In 2012, ARM entered into a 50/50 joint venture with Rumbo to evaluate and exploit the potential of the class B resources in the tailings dam and waste areas at Proyecto Riotinto (mainly residual gold and silver in the old gossan tailings). Under the joint venture agreement, ARM will be the operator of the joint venture, will reimburse Rumbo for the costs associated with the application for classification of the Class B resources and will fund the initial expenditure of a feasibility study up to a maximum of €2.0 million. Costs are then borne by the joint venture partners in accordance with their respective ownership interests.

33. Significant events

On 30 May 2019, the Company announced a grant of 1,500,000 share options (the "Options") to Persons Discharging Managerial Responsibilities ("PDMRs") and management, in accordance with the Company's approved Share Option Plan 2013 (the "Option Plan"). The Options expire five years from the date of grant (29 May 2019), have an exercise price of 201.5 pence per ordinary share, based on the minimum share price in the five days preceding the grant date, and vest in two equal tranches, half on grant and half on the first anniversary of the granting date.

On 10 July 2019, the Company announced a grant of 400,000 share options (the "Options") to Person Discharging Managerial Responsibilities ("PDMRs") in accordance with the Company's approved Share Option Plan 2013 (the "Option Plan"). The Options expire five years from the date of grant (8 July 2019), have an exercise price of 204.5 pence per ordinary share, based on the minimum share price in the five days preceding the grant date, and vest in two equal tranches, half on grant and half on the first anniversary of the granting date.

In May 2019 the Board of Directors appointed a new Operational General Manager of Proyecto Riotinto.

34. Events after the reporting period

COVID-19 outbreak

On 11 March 2020, the World Health Organization raised the public health emergency caused by the coronavirus outbreak (COVID-19) to an international pandemic. The rapid national and international developments represent an unprecedented health crisis, which will impact the macroeconomic environment and business developments. To address this situation, among other measures, the Spanish Government declared a state of emergency by publishing Royal Decree 463/2020 of 14 March and approved a series of extraordinary urgent measures to address the economic and social impact of COVID-19 by Royal Decree Law 8/2020 of 17 March. On 17 March 2020, the Company released an update on the measures taken to manage and respond to the pandemic to protect its workforce and local communities surrounding its projects.

In addition, a new Royal Decree was released on 29 March 2020 (the "Royal Decree") implementing enhanced measures to protect the people from the virus. The Royal Decree stipulated that only employees from a short list of essential industries were allowed to continued working from 30 March 2020. Mining was excluded as an essential industry and consequently the Company's Proyecto Riotinto site was required to halt its operations for a period until 3 April 2020 when mining operations were permitted to restart.

COVID-19 crisis is considered as a non-adjusting event and is therefore not reflected in the recognition and measurement of the assets and liabilities in the financial statements as at 31 December 2019.

Due to the complexity of the situation and its fast evolution, it is not possible at this time to make a reliable quantified estimate of the potential impact on the Group, which will be recognised prospectively in the 2020 financial statements. (see Note 2.1 (b)). The Company has increased its cash balance from €8.0 million as at 31 December 2019 to €41.7 million as at 31 March 2020 by drawing down on existing credit facilities.

The Directors continue monitoring the business and taking appropriate steps to address the situation and reduce its operational and financial impact. After reviewing alternative scenarios, the current cash resources, forecasts and budgets, timing of cash flows, borrowing facilities, sensitivity analyses on alternative commodities prices and considering the associated uncertainties to the Group's operations, the Directors have a reasonable expectation that the Company has adequate resources to continue operating in the foreseeable future. Accordingly, the consolidated financial statements continue to be prepared on a going concern basis (see Note 2.1 (b)).

The Company continues carrying out several measures and implemented an exceptional plan developed for the purpose of protecting its workforce and the people of the surrounding communities to manage the crisis. The main key risk, its impact and the response plans to protect its workforce are: Spread of COVID-19 at the mine site may cause disruption in the production and additional costs. The Group is implementing emergency response plans. Only critical employees for the operation are allowed to enter on site. There are severe distance and hygienical mandatory rules, mandatory body temperature controls, and facilitate systems and tools to work from home for all remaining employees.

Additionally, the Group, up to the date of approval of these financial statements, assessed the existence of any impairment indicators and the sensitivity analysis to volatility of commodity prices about its key assets being the mining rights, the property plant and equipment, the intangible assets, deferred taxes, trade receivables and inventories corresponding above 95% of its total assets (excluding cash and cash equivalents). The Directors have considered and debated different possible scenarios on the Company's operations, financial position and forecast for a period of at least 12 months since the approval of these financial statements. Possible scenarios range from (i) further disruption in Proyecto Riotinto; (ii) market volatility in commodity prices; and (iii) availability of existing credit facilities and have considered the capacity of the Group and its single asset Proyecto Riotinto to generate cash, the Group concluded that no impairment indicators are in place.

All the above were considered in the assessment of the impact of COVID-19 in the 2020 operations for which an inherent uncertainty exists given the current facts and circumstances at the date of preparation of these financial statements. Although an impact is anticipated in certain projects due to delays, the overall conclusion is that such an impact given the current facts and circumstances does not cast a material uncertainty about the ability of the Group to continue as a going concern which is the assumption used for the preparation of these financial statements as per Note 2.1 (b).

AAU Permits

The Junta de Andalucía issued a favourable report in relation to the Unified Environmental Authorisation (the "AAU") of Proyecto Riotinto in January 2020. The AAU is now on a short legal consultation period exclusively with parties involved in the process, as all deadlines of the process have been suspended by the Junta de Andalucía as result of COVID-19 outbreak. The validation of the AAU is a required step towards the automatic re-validation of the mining permit for Proyecto Riotinto.

Negative Environmental Impact Statement on Proyecto Touro

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

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

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

New group entity

In 2020, the Company has initiated the process to establish in Cyprus a new subsidiary under the name of Atalaya Financing, Limited. The activity of this new company will be financing.

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. For further information, visit www.atalayamining.com